KWADUKUZA MUNICIPALITY

FINANCE BUSINESS UNIT

File Ref. Draft Budget 2020/2021

COUNCIL

SUBJECT: NOTING OF THE DRAFT BUDGET– 2020/2021 MTREF FOR PUBLIC PARTICIPATION

PURPOSE:

To table, for formal consideration by Council the Draft Medium Term Revenue and Expenditure Framework (MTREF) for 2020/2021 financial year as well as the indicative budget for 2021/2022 and 2022/2023 financial years in terms of Chapter 4, Section 16 of the Municipal Finance Management Act, no 56 of 2003.

ATTACHMENTS:

- Draft Operational and Capital Budget for the 2020/2021 MTREF

MAIN SUBMISSION:

In terms of Chapter 4, section 16 of the Municipal Finance Management Act, no 56 of 2003, the Operational and Capital Budgets for the 2020/2021 financial year and the subsequent two years are presented for the Council's consideration.

The submitted item will address the following salient matters contained within the attached budget submission:

- Operational Budget
- Capital Budget
- Amendments to the IDP
- Rating Structures
- Tariff Of Charges
- Proposed Tariff Structure
- Budget Related Policies
- Measurable Performance Indicators For Revenue
- Consultations
- Budget Recommendations/Resolutions

OPERATIONAL BUDGET

The detailed operational budget as outlined in the attached budget pack contains the budget information for the upcoming budget year under consideration, i.e. 2020/2021 as well as the subsequent two financial years.

Below is a high level summary of the operating budget :

Description	2020/21 Medium Term Revenue & Expenditure Framework		
R thousands	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Financial Performance			
Property rates	527,978	559,657	593,236
Service charges	984,895	1,044,441	1,107,487
Investment revenue	38,729	43,850	47,953
Transfers recognised - operational	205,224	222,991	241,010
Other own revenue	119,078	126,067	131,482
Revenue	**1,875,904**	**1,997,005**	**2,121,168**
Employee costs	447,872	492,468	529,026
Remuneration of councillors	25,298	28,566	31,137
Depreciation & asset impairment	95,176	99,735	104,732
Finance charges	30,152	36,330	38,265
Materials and bulk purchases	800,431	835,732	859,783
Transfers and grants	6,900	6,294	7,245
Other expenditure	469,955	497,505	550,534
Expenditure	**1,875,785**	**1,996,629**	**2,120,722**
Nett Surplus	**119**	**376**	**446**

Consistent with the 2019/2020 budget, the 2020/2021 budget focuses on the priorities of Council as outlined in the IDP. There are listed below:

- Basic Service Delivery
- Municipal Institutional Development and Transformation
- Local Economic Development (LED)
- Municipal Financial Viability and Management
- Good Governance and Public Participation
- Safe and Secure Environment
- Spatial Analysis
- Environmental Management

The following pertinent issues are highlighted for Councils information:

- In order to negate the effects of various pricing increases the average consumer is faced with, rates has increased by 6% and refuse is deemed to increase by 4 %.

- The main driver of service charges is the increases in the electricity tariffs. Electricity tariffs have been budgeted to increase at various rates to a maximum of 6, 9% subject

to the consultation with NERSA and community. Bulk Purchases have been budgeted to increase by 6.9 %.

- Employment costs appear to be increasing at a faster rate than the growth rate of the municipal revenue base. There is a danger to the long term financial sustainability of the municipality should this trend continue. The draft budget has been undertaken on a "warm bodies" basis only.

- Depreciation and asset impairment is expected to increase as a result of the completion and commissioning of various completed capital projects.

CAPITAL BUDGET

- The detailed draft capital budget amounts to R 217 378 559 for the 2020/2021 financial year.

- The table below is indicative of the capital spending per Directorate as per the different funding sources:-

SUMMARY DRAFT CAPITAL BUDGET V 2020 / 2021					
BUSINESS UNIT	DRAFT BUDGET	GRANTS	PUBLIC CONTRIBUTIONS	COUNCIL FUNDING	LOAN FUNDING
OFFICE OF THE MUNICIPAL MANAGER	-	-	-	-	-
CORPORATE SERVICES	16,100,000	-	-	1,100,000	15,000,000
FINANCE	-	-	-	-	-
EDP	10,300,000	7,200,000	-	3,100,000	-
COMMUNITY SERVICES & PUBLIC AMENITIES	15,257,907	-	-	15,257,907	-
COMMUNITY SAFETY	1,000,000	-	-	1,000,000	-
CIVIL ENGINEERING & HUMAN SETTLEMENTS	61,303,132	43,113,361	6,000,000	12,189,771	-
ELECTRICAL ENGINEERING	112,417,519	44,049,345	7,568,174	33,800,000	27,000,000
YOUTH DEVELOPMENT	1,000,000	-	-	1,000,000	-
TOTAL	**217,378,559**	**94,362,706**	**13,568,174**	**67,447,678**	**42,000,000**

- The capital budget relates to projects for which the Council will be securing the available funding sources either through borrowings, internal capital funds, grants or other sources.
- Capital expenditure funded by means of a grant can only commence if written or gazetted allocations are in place.

- Capital expenditure which is not funded via DORA or Provincial Gazetted allocations can only commence if funds are received.
- There have been numerous requests for additional capital considerations, these are not able to be funded by our internal reserves. These will be further deliberated upon via the consultation process.

AMENDMENTS TO THE INTEGRATED DEVELOPMENT PLAN

The amendments to the IDP have been considered in the draft completion of the 2020/2021 MTREF. A separate item dealing specifically with the IDP has been tabled for consideration.

RATING STRUCTURES

Determination of rates

In terms of the Final Rates Policy 2020/21, the Municipality may levy different rates for different categories of properties. The rating structure for 2020/21 financial year is proposed as follows:

- 0.848 cents in the Rand on the market value in respect of residential properties (including bed and breakfast establishments consisting of three bedrooms or less), and property categories not stated hereunder.
- 0.940 cents in the Rand on the market value in respect of residential properties used for commercial purposes (including bed and breakfast establishments comprising more than 3 bedrooms, apartment and villa establishments, and guesthouses of up to six rooms).
- 0.213 cents in the Rand on the market value in respect of agricultural properties and public service infrastructure properties.
- 2.624 cents in the Rand on the market value in respect of industrial, business and commercial properties, vacant properties, public benefit organisations, properties owned by an organ of state and used for public service purposes, and properties used for worship.
- 2.374 cents in the Rand on the market value in respect of guesthouses of more than 6 rooms.
- 5 cents in the Rand in respect of the unauthorised or illegal development or use and abandoned property or building.
- An additional 0.36 cents in the Rand on the market value in respect of commercial properties situated within the Special Rating Area as designated by Council
- That, in respect of improved residential properties, in addition to the statutory reduction of R15 000, a further reduction of R85 000 is approved for property values exceeding

R130 000. Persons owning improved residential property with a rateable value of R130 000 and below will be not be liable for the payment of rates.

- That improved residential property with a rateable value of R130 000 and below, owned by registered indigent beneficiaries be exempt from the calculation of rates.
- That the first R50 000 of all vacant residential properties owned by registered indigent beneficiaries be exempt from the calculation of rates
- The first 30% of all Public Service Infrastructure (PSI) properties be exempt from the calculation of rates.

Exemptions, rebates and reductions

That in terms of qualifying criteria set out in the rates policy of the Council, the 2020/21 rates be subject to the following exemptions, rebates and reductions:

- A general rebate, applicable in the 2020/21 financial year only, in respect of all categories of properties, excluding properties in receipt of developers' rebates and unauthorised or illegal development or use and Abandoned Property Building : 6%

The following shall apply after deduction of the general rebate:

- Pensioners and Disability Grantees rebates:

  Applicants under the age of 65 years - 25%
  Applicants between 65 and 75 years - 30%
  Applicants older than 75 years - 35%

- Agricultural properties: 50%
- Rebate: child headed households: 100%
  - Excluded Services Rebate: (applicable only in respect of existing service level agreements) 15%
  - Places of worship: 100%
  - Public benefit organizations: 100%
  - Land reform beneficiaries: 100%
- State land: 100%
- Commercial Developers incentives:

100% rebate	-	Year 1
90% rebate	-	Year 2
80% rebate	-	Year 3
70% rebate	-	Year 4
60% rebate	-	Year 5
No Incentive	-	From year 6 onwards

Please note general rebate not applicable to commercial developers.

Residential Developers incentives, applicable only in respect of existing service level agreements:

100% rebate	-	Year 1
100% rebate	-	Year 2
90% rebate	-	Year 3
80% rebate	-	Year 4
70% rebate	-	Year 5
60% rebate	-	Year 6
50% rebate	-	Year 7
No Incentive	-	From year 8 onwards

Please note general rebate not applicable.

- 100% rebate in respect of the following PSI properties (phasing out of rates):
  - national, provincial or other public roads on which goods, services or labour move across a municipal boundary;
  - water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer; and Railway lines forming part of a national railway system

Date of operation of determination of rates

That this determination comes into operation on 01 July 2020.

Final date for payment of rates:

- **Annual payment of rates**: That the final date for the payment of annual rates be fixed at 30 September 2020. Interest and administration charges will be raised in terms of Council's Credit Control & Debt Collection Policy and Tariff of Charges. Any capital rates outstanding as at 30 November 2020 will be subject to an administration charge of 10% as stipulated in Council's Credit Control Policy and Tariff of Charges.
- **Monthly rates payments**: That rates may be paid in 11 (eleven) equal instalments with the first instalment payable on or before the last municipal working day of August 2020. Thereafter each monthly instalment must be paid on or before the last working day of each month and provided that interest will accrue at 15.5% per annum in terms of Council's Credit Control & Debt Collection Policy and Tariff of Charges if an instalment is not paid by the last working day of the month. Any capital rates outstanding as at 30 June 2021 will be subject to an administration charge of 10% as stipulated in Council's Credit Control & Debt Collection Policy and Tariff of Charges.
- Council will by special arrangement with individual property owners agree that rates be paid annually. Application to pay rates on an annual basis must be completed by 15 July 2020.

Tariff of charges

- That the Council approve and adopt the amendments to its Tariff of Charges **(noting that the electricity tariffs are pending approval by NERSA)** as depicted on the schedules annexed hereto, and that these tariffs come into operation on 1 July 2020.

- That Council note that all tariffs listed in the Tariff of Charges will be subject to the payment of value added tax, except for fines, refundable deposits, and interest charges, and where specifically indicated as inclusive of value added tax.

TARIFF OF CHARGES

Refer to 2.11.3 for the detailed draft tariff of charges.

PROPOSED TARIFF STRUCTURE

It is proposed that Council's tariff of charges be increased as follows and be advertised to the general public for implementation with effect from 1 July 2020:

- Refuse Removal charges - various as per tariff of charge with a maximum of 4%
- Electricity charges - various as per tariff of charge. (Subject to NERSA approval)
- Miscellaneous tariffs - various (see tariff of charges document)

BUDGET RELATED POLICIES

The following Budgeted Related Policies have been reveiwed as part of the MTREF development :

– Rates Policy

– Credit Control & Debt Collection Policy

– Indigent Policy

– Tariff Policy

– Cash Management & Investment Policy

– Borrowing Policy

– Virement Policy

– Budget Policy

– Funding & Reserves Policy

– Asset Management Policy

– Long Term Financial Planning Policy

– Policy on Infrastructure, Investment & Capital Projects

– Supply Chain Management Policy

The above policies have been tabled as a separate item for Council's consideration.

MEASURABLE PERFORMANCE INDICATORS FOR REVENUE

The following measurable performance indicators for revenue collections be set:

- Electricity income .....minimum collection rate of 90%
- Property rates income .....minimum collection rate of 90%
- Refuse income ..... minimum collection rate of 90%

The above percentages will be reassesed during the consultation period in view of covid 19 outbreak and debtor payments.

CONSULTATIONS

Her Worship, The Honourable Acting Mayor, Cllr D. Govender
All Business Units in the form of individual and consolidated meetings
Chief Financial Officer
The Municipal Manager
Provincial Treasury
Budget Steering Committee

RECOMMENDATIONS

1. DRAFT ESTIMATES OF INCOME & EXPENDITURE

THAT in terms of Section 16(1) and (2) of the Municipal Finance Management Act, 56 of 2003:-

(i) The Draft Annual Budget of the Municipality for the Financial year 2020/2021; and Indicative allocations for the two projected outer years 2021/2022 and 2022/2023; and the multi – year and single year capital appropriations are approved as set-out in **Sections 1.4, 2.11 and 2.13.**

Budgeted Financial Perfomance (Revenue and Expenditure by Standard Classification) – **(Table A2)**

Budgeted Financial Perfomance (Revenue and Expenditure by Municipal Vote) – **(Table A3)**

Budgeted Financial Perfomance (revenue by Source and Expenditure by Type) – **(Table A4)**

Multi-year and single year capital appropriations by municipal vote and standard calssification and associated funding by source **(Table A5).**

(ii) That the draft finacial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set out in the following tables:

Budgeted Fiancial Position **(Table A6)**
Budgeted Cash Flows **(Table A7)**
Asset Management **(Table A9)**
Basic Service Delivery Measurements **(Table A10)**

2. DETERMINATION OF RATES

In terms of the Draft Rates Policy 2020/21, the Municipality may levy different rates for different categories of properties. The rating structure for 2020/21 financial year is proposed as follows:

- 0.848 cents in the Rand on the market value in respect of residential properties (including bed and breakfast establishments consisting of three bedrooms or less), and property categories not stated hereunder.
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- 2.624 cents in the Rand on the market value in respect of industrial, business and commercial properties, vacant properties, public benefit organisations, properties

owned by an organ of state and used for public service purposes, and properties used for worship.

- 2.374 cents in the Rand on the market value in respect of guesthouses of more than 6 rooms.
- 5 cents in the Rand in respect of the unauthorised or illegal development or use and abandoned property or building.
- An additional 0.36 cents in the Rand on the market value in respect of commercial properties situated within the Special Rating Area as designated by Council
- That, in respect of improved residential properties, in addition to the statutory reduction of R15 000, a further reduction of R85 000 is approved for property values exceeding R130 000. Persons owning improved residential property with a rateable value of R130 000 and below will be not be liable for the payment of rates.
- That improved residential property with a rateable value of R130 000 and below, owned by registered indigent beneficiaries be exempt from the calculation of rates.
- That the first R50 000 of all vacant residential properties owned by registered indigent beneficiaries be exempt from the calculation of rates
- The first 30% of all Public Service Infrastructure (PSI) properties be exempt from the calculation of rates.
- That the unauthorised or illegal development or use and Abandoned Property or Building 5 cents in the Rand.

3. EXEMPTIONS, REBATES AND REDUCTIONS

In terms of qualifying criteria set out in the rates policy of the Council, the 2020/21 rates be subject to the following exemptions, rebates and reductions:

- A general rebate, applicable in the 2020/21 financial year only, in respect of all categories of properties, excluding properties in receipt of developers' rebates and unauthorised or illegal development or use and Abandoned Property Building : 6%

The following shall apply after deduction of the general rebate:

- Pensioners and Disability Grantees rebates:

Applicants under the age of 65 years - 25%

Applicants between 65 and 75 years - 30%

Applicants older than 75 years - 35%

- Agricultural properties: 50%
- Rebate: child headed households: 100%
    - Excluded Services Rebate: (applicable only in respect of existing service level agreements) 15%
    - Places of worship: 100%
    - Public benefit organizations: 100%
    - Land reform beneficiaries: 100%
- State land: 100%
- Commercial Developers incentives:

100% rebate - Year 1

90% rebate - Year 2

80% rebate - Year 3

70% rebate - Year 4

60% rebate - Year 5

No Incentive - From year 6 onwards

Please note general rebate not applicable to commercial developers.

Residential Developers incentives, applicable only in respect of existing service level agreements:

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70% rebate	-	Year 5
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50% rebate	-	Year 7
No Incentive	-	From year 8 onwards

Please note general rebate not applicable.

- 100% rebate in respect of the following PSI properties (phasing out of rates):

  - national, provincial or other public roads on which goods, services or labour move across a municipal boundary;
  - water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer; and
  - Railway lines forming part of a national railway system.

4. Date of operation of determination of rates

- That this determination comes into operation on 01 July 2020.

5. Final date for payment of rates:

- **Annual payment of rates**: That the final date for the payment of annual rates be fixed at 30 September 2020. Interest and administration charges will be raised in terms of Council's Credit Control & Debt Collection Policy and Tariff of Charges. Any capital rates outstanding as at 30 November 2020 will be subject to an

administration charge of 10% as stipulated in Council's Credit Control Policy and Tariff of Charges.

- **Monthly rates payments**: That rates may be paid in 11 (eleven) equal instalments with the first instalment payable on or before the last municipal working day of August 2020. Thereafter each monthly instalment must be paid on or before the last working day of each month and provided that interest will accrue at 15.5% per annum in terms of Council's Credit Control & Debt Collection Policy and Tariff of Charges if an instalment is not paid by the last working day of the month. Any capital rates outstanding as at 30 June 2021 will be subject to an administration charge of 10% as stipulated in Council's Credit Control & Debt Collection Policy and Tariff of Charges.

- Council will by special arrangement with individual property owners agree that rates be paid annually. Application to pay rates on an annual basis must be completed by 15 July 2020

6. Tariff of charges

- That the Council approve for consultation the amendments to its Tariff of Charges **(noting that the electricity tariffs are pending approval by NERSA)** as depicted on the schedules annexed hereto, and that these tariffs come into operation on 1 July 2020.

- That Council note that all tariffs listed in the Tariff of Charges will be subject to the payment of value added tax, except for fines, refundable deposits, and interest charges, and where specifically indicated as inclusive of value added tax.

Proposed tariff structure

It is proposed that Council's tariff of charges be increased as follows and be advertised to the general public for implementation with effect from 1 July 2020:

- Refuse Removal charges - various as per tariff of charge with a maximum of 4%
- Electricity charges - various as per tariff of charge (subject to NERSA approval)
- Miscellaneous tariffs - various (see tariff of charges document)

7. BUDGET RELATED POLICIES

THAT Council notes for consideration the draft policies with effect from 01 July 2020, the following Budget Related Policies have been tabled as a separate item :

- Rates Policy
- Credit Control & Debt Collection Policy
- Indigent Policy
- Tariff Policy
- Investment & Cash Management Policy
- Borrowing Framework Policy and Guidelines
- Supply Chain Management Policy
- Virement Policy
- Budget Policy
- Funding and Reserves Policy
- Assets Management Policy
- Long Term Financial Planning Policy
- Infrastructure, Investments & Capital Projects

The effective date of all revised polices is the 1st July 2020.

8. MEASURABLE PERFORMANCE INDICATORS FOR REVENUE

THAT the following measurable performance indicators for revenue collections be set:

- Electricity income ..... minimum collection rate of 90%
- Property rates income ..... minimum collection rate of 90%
- Refuse income ..... minimum collection rate of 90%

9. **THAT** it be noted that property rates are deemed zero rated in the treatment of Value Added Tax (VAT).

10. **THAT** it be noted that in respect of Capital Expenditure Estimates:

In those instances where information has been provided in terms of Section 19(2) (b) of the Municipal Finance Management Act No. 56 of 2003, the approval of the capital budget constitutes project approval for the specific projects as reflected in the detailed capital budget.

Where information in terms of Section 19(2) (b) of the MFMA is not provided, specific project approval is to be sought from Council during the course of the year prior to any spending taking place on these projects during the year. It be noted that should any expenditure be incurred on any of these projects without compliance with Section 19(2) of the MFMA such expenditure may be deemed as irregular or unauthorised.

11. **THAT** any savings on the capital budget is to be retained and not transferred to any other vote.

12. **THAT** for projects which have multiple sources of funding, any savings on the project attributable to the outcome of the competitive bidding processes of the council shall be apportioned in the following order of priority:
    - Reduction in council contribution towards the project.
    - Reduction of the loan funding portion of the project.

13. **THAT** in terms of the priority in the execution of the capital budget, priority should first be given to all projects that have been rolled over of which are primarily grant funded. Upon completion of all rolled over projects can the Business Units commence with their new projects. The cash flow estimates of the municipality should be noted in this regard.

14. In terms of Section 62(1)(a) of the Municipal Finance Management Act No. 56 of 2003, it be noted that new projects for the 2020/2021 financial year can only proceed once full business and operating plans indicating efficient, effective and economical use of all assets to be acquired have been tabled and approved before council.

15. **THAT** in pursuance of the above and in terms of section 62(1) (c) read together with section 78 of the Municipal Finance Management Act No. 56 of 2003, the Municipal Manager as well as all Executive Directors are to ensure that they develop and maintain efficient, effective and transparent systems of financial, risk management and internal control in terms of projects within their directorates that have been approved for execution.

16. **THAT** it be noted that should any roll-overs of grant funding persist into the 2020/2021 financial year , the respective Executive Director ensure the necessary detail motivations are completed for approval by National Treasury ,Provincial Treasury or the relevant transferring officer. This must be done within the timeframes and formats specified by the relevant regulating authority.
In the event that the National/Provincial Treasury refuses the roll-over of such funds or even a portion of the funds (Section 21 of DORA), then council will have to fund these projects out of internal funding and this will result in the reprioritisation of the approved capital budget for the 2020/2021 to 2022/2023 financial years in order to avoid cash flow and financial problems for the KwaDukuza Municipality. It is further noted that this motivation should be provided to the Finance directorate by 30 June 2020.

17. **THAT** in compliance with relevant sections of the Municipal Finance Management Act, Municipal Property Rates Act and the Municipal Systems Act, the budgets, rate and tariff determinations are published locally.

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Approved/Comments

_____

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Chief Financial Officer

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Authorised/Comments

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NJ Mdakane

Municipal Manager

Date:

KWADUKUZA MUNICIPALITY

2020/21

DRAFT MID-TERM REVENUE AND EXPENDITURE FRAMEWORK

ABBREVIATIONS & ACRONYMS

AFS	Annual Financial Statements
AMC	Asset Management Committee
BSC	Budget Steering Committee
BTO	Budget & Treasury Office (Finance Business Unit)
CFO	Chief Financial Officer
DORA	Division of Revenue Act
DORB	Division of Revenue Bill
COGTA	Co-operative Governance & Traditional Affairs
EXCO	Executive Committee
FMG	Financial Management Grant
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross Domestic Product
GRAP	Generally Recognised Accounting Practice
HIV/AIDS	Human Immune Deficiency Virus / Acquired Immune Deficiency Syndrome
IBTs	Inclining Block Tariff Structures
IDP	Integrated Development Plan
IT	Information Technology
KDM	KwaDukuza Municipality
kWh	Kilo Watt Hours
MANCO	Management Committee
MFMA	Municipal Finance Management Act 2003 (Act No. 56 of 2003)
MIG	Municipal Infrastructure Grant
MM	Municipal Manager (Accounting Officer)
MPCCs	Multi-Purpose Community Centres
MPRA	Municipal Property Rates Act 2004 (Act No. 6 of 2004)
MSA	Municipal Systems Act 2000 (Act No. 32 of 2000)
MSIG	Municipal Systems Improvement Grant
MTREF	Medium Term Revenue & Expenditure Forecast
MV	Market Value
NDPG	Neighbourhood Development Partnership Grant
NERSA	National Energy Regulator of South Africa
NT	National Treasury
PPP	Public-Private Partnerships
PSI	Public Service Infrastructure
PT	Provincial Treasury
SALGA	South African Local Government Association
SDBIP	Service Delivery & Budget Implementation Plan
VAT	Value-Added Tax

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1.1 MAYORS REPORT

INSERT MAYORS REPORT

1.2 RESOLUTIONS

1. DRAFT ESTIMATES OF INCOME & EXPENDITURE

THAT in terms of Section 16(1) and (2) of the Municipal Finance Management Act, 56 of 2003:-

(ii) The Draft Annual Budget of the Municipality for the Financial year 2020/2021; and Indicative allocations for the two projected outer years 2021/2022 and 2022/2023; and the multi – year and single year capital appropriations are approved as set-out in **Sections 1.4, 2.11 and 2.13**.

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Multi-year and single year capital appropriations by municipal vote and standard calssification and associated funding by source **(Table A5).**

(ii) That the draft financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set out in the following tables:

Budgeted Fiancial Position **(Table A6)**
Budgeted Cash Flows **(Table A7)**
Asset Management **(Table A9)**
Basic Service Delivery Measurements **(Table A10)**

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In terms of the Draft Rates Policy 2020/21, the Municipality may levy different rates for different categories of properties. The rating structure for 2020/21 financial year is proposed as follows:

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- 2.624 cents in the Rand on the market value in respect of industrial, business and commercial properties, vacant properties, public benefit organisations, properties owned by an organ of state and used for public service purposes, and properties used for worship.
- 2.374 cents in the Rand on the market value in respect of guesthouses of more than 6 rooms.
- 5 cents in the Rand in respect of the unauthorised or illegal development or use and abandoned property or building.
- An additional 0.36 cents in the Rand on the market value in respect of commercial properties situated within the Special Rating Area as designated by Council
- That, in respect of improved residential properties, in addition to the statutory reduction of R15 000, a further reduction of R85 000 is approved for property values exceeding R130 000. Persons owning improved residential property with a rateable value of R130 000 and below will be not be liable for the payment of rates.
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- The first 30% of all Public Service Infrastructure (PSI) properties be exempt from the calculation of rates.
- That the unauthorised or illegal development or use and Abandoned Property or Building 5 cents in the Rand.

3. EXEMPTIONS, REBATES AND REDUCTIONS

In terms of qualifying criteria set out in the rates policy of the Council, the 2020/21 rates be subject to the following exemptions, rebates and reductions:

- A general rebate, applicable in the 2020/21 financial year only, in respect of all categories of properties, excluding properties in receipt of developers' rebates and unauthorised or illegal development or use and Abandoned Property Building : 6%

The following shall apply after deduction of the general rebate:

- Pensioners and Disability Grantees rebates:

Applicants under the age of 65 years - 25%

Applicants between 65 and 75 years - 30%

Applicants older than 75 years - 35%

- Agricultural properties: 50%

- Rebate: child headed households: 100%

    - Excluded Services Rebate: (applicable only in respect of existing service level agreements) 15%

    - Places of worship: 100%

    - Public benefit organizations: 100%

    - Land reform beneficiaries: 100%

- State land: 100%

- Commercial Developers incentives:

100% rebate - Year 1

90% rebate - Year 2

80% rebate - Year 3

70% rebate - Year 4

60% rebate - Year 5

No Incentive - From year 6 onwards

Please note general rebate not applicable to commercial developers.

Residential Developers incentives, applicable only in respect of existing service level agreements:

100% rebate - Year 1

100% rebate - Year 2

90% rebate - Year 3

80% rebate - Year 4

70% rebate - Year 5

60% rebate - Year 6

50% rebate - Year 7

No Incentive - From year 8 onwards

Please note general rebate not applicable.

- 100% rebate in respect of the following PSI properties (phasing out of rates):

  - national, provincial or other public roads on which goods, services or labour move across a municipal boundary;
  - water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer; and
  - Railway lines forming part of a national railway system.

4. Date of operation of determination of rates

- That this determination comes into operation on 01 July 2020.

5. **Final date for payment of rates:**

- **Annual payment of rates**: That the final date for the payment of annual rates be fixed at 30 September 2020. Interest and administration charges will be raised in terms of Council's Credit Control & Debt Collection Policy and Tariff of Charges. Any capital rates outstanding as at 30 November 2020 will be subject to an administration charge of 10% as stipulated in Council's Credit Control Policy and Tariff of Charges.

- **Monthly rates payments**: That rates may be paid in 11 (eleven) equal instalments with the first instalment payable on or before the last municipal working day of August 2020. Thereafter each monthly instalment must be paid on or before the last working day of each month and provided that interest will accrue at 15.5% per annum in terms of Council's Credit Control & Debt Collection Policy and Tariff of Charges if an instalment is not paid by the last working day of the month. Any capital rates outstanding as at 30 June 2021 will be subject to an administration charge of 10% as stipulated in Council's Credit Control & Debt Collection Policy and Tariff of Charges.

- Council will by special arrangement with individual property owners agree that rates be paid annually. Application to pay rates on an annual basis must be completed by 15 July 2020

6. **Tariff of charges**

- That the Council approve for consultation the amendments to its Tariff of Charges **(noting that the electricity tariffs are pending approval by NERSA)** as depicted on the schedules annexed hereto, and that these tariffs come into operation on 1 July 2020.

- That Council note that all tariffs listed in the Tariff of Charges will be subject to the payment of value added tax, except for fines, refundable deposits, and interest charges, and where specifically indicated as inclusive of value added tax.

Proposed tariff structure

It is proposed that Council's tariff of charges be increased as follows and be advertised to the general public for implementation with effect from 1 July 2020:

- Refuse Removal charges - various as per tariff of charge with a maximum of 4%

- Electricity charges - various as per tariff of charge (subject to NERSA approval)
- Miscellaneous tariffs - various (see tariff of charges document)

7. BUDGET RELATED POLICIES

THAT Council notes for consideration the draft policies with effect from 01 July 2020, the following Budget Related Policies have been tabled as a separate item ::

- Rates Policy
- Credit Control & Debt Collection Policy
- Indigent Policy
- Tariff Policy
- Investment & Cash Management Policy
- Borrowing Framework Policy and Guidelines
- Supply Chain Management Policy
- Virement Policy
- Budget Policy
- Funding and Reserves Policy
- Assets Management Policy
- Long Term Financial Planning Policy
- Infrastructure, Investments & Capital Projects

The effective date of all revised polices is the 1st July 2020.

8. MEASURABLE PERFORMANCE INDICATORS FOR REVENUE

THAT the following measurable performance indicators for revenue collections be set:

- Electricity income ..... minimum collection rate of 90%
- Property rates income ..... minimum collection rate of 90%

- Refuse income ..... minimum collection rate of 90%

9. **THAT** it be noted that property rates are deemed zero rated in the treatment of Value Added Tax (VAT).

10. **THAT** it be noted that in respect of Capital Expenditure Estimates:

In those instances where information has been provided in terms of Section 19(2) (b) of the Municipal Finance Management Act No. 56 of 2003, the approval of the capital budget constitutes project approval for the specific projects as reflected in the detailed capital budget.

Where information in terms of Section 19(2) (b) of the MFMA is not provided, specific project approval is to be sought from Council during the course of the year prior to any spending taking place on these projects during the year. It be noted that should any expenditure be incurred on any of these projects without compliance with Section 19(2) of the MFMA such expenditure may be deemed as irregular or unauthorised.

11. **THAT** any savings on the capital budget is to be retained and not transferred to any other vote.

12. **THAT** for projects which have multiple sources of funding, any savings on the project attributable to the outcome of the competitive bidding processes of the council shall be apportioned in the following order of priority:
    - Reduction in council contribution towards the project.
    - Reduction of the loan funding portion of the project.

13. **THAT** in terms of the priority in the execution of the capital budget, priority should first be given to all projects that have been rolled over of which are primarily grant funded. Upon completion of all rolled over projects can the Business Units commence with their new projects. The cash flow estimates of the municipality should be noted in this regard.

14. In terms of Section 62(1)(a) of the Municipal Finance Management Act No. 56 of 2003, it be noted that new projects for the 2020/2021 financial year can only proceed once full business and operating plans indicating efficient, effective and economical use of all assets to be acquired have been tabled and approved before council.

15. **THAT** in pursuance of the above and in terms of section 62(1) (c) read together with section 78 of the Municipal Finance Management Act No. 56 of 2003, the Municipal Manager as well as all Executive Directors are to ensure that they develop and

maintain efficient, effective and transparent systems of financial, risk management and internal control in terms of projects within their directorates that have been approved for execution.

16. **THAT** it be noted that should any roll-overs of grant funding persist into the 2020/2021 financial year , the respective Executive Director ensure the necessary detail motivations are completed for approval by National Treasury ,Provincial Treasury or the relevant transferring officer. This must be done within the timeframes and formats specified by the relevant regulating authority.
In the event that the National/Provincial Treasury refuses the roll-over of such funds or even a portion of the funds (Section 21 of DORA), then council will have to fund these projects out of internal funding and this will result in the reprioritisation of the approved capital budget for the 2020/2021 to 2022/2023 financial years in order to avoid cash flow and financial problems for the KwaDukuza Municipality. It is further noted that this motivation should be provided to the Finance directorate by 30 June 2020.

17. **THAT** in compliance with relevant sections of the Municipal Finance Management Act, Municipal Property Rates Act and the Municipal Systems Act, the budgets, rate and tariff determinations are published locally.

1.3 EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

BACKGROUND

The MTREF outlines KDM's revenue and expenditure plans for the next 3 years, specifically highlighting sources of funds and how the funds will be utilised in order to attain service delivery goals.

The MM, the CFO, the BSC and the BTO assist the Mayor in developing and implementing the budget process. KDM has no municipal entities.

- **KDM's MTREF complies with all legal requirements:**

  1. The Constitution 1996 (Act No. 108 of 1996)
  2. The Local Government: Transition Act 1993 (Act No. 209 of 1993)
  3. The MSA
  4. The MFMA
  5. The Municipal Structures Act 1998 (Act No. 117 of 1998)
  6. Municipal Budget & Reporting Regulations issued by NT
  7. MFMA Circulars published by NT
  8. Division of Revenue Act

- **The MTREF is influenced by the following elements:**

  1. Producing a balanced, credible and funded budget taking into account realistically anticipated revenues
  2. Delivering quality services on the ground
  3. Cost increases
  4. Tariff increases
  5. Debt recovery
  6. Asset management
  7. Borrowing levels

DRAFT MTREF HIGHLIGHTS

The MTREF 2020/2021 – 2022/2023 is covered comprehensively in Tables A1 to A10 and Supporting Tables SA1 to SA37.

Consolidated Overview of the 2020/2021 MTREF

Description	2020/2021 '000	2021/2022 '000	2022/2023 '000	TOTAL MTREF '000
Total operating revenue	1,875,904	1,997,005	2,121,168	**5,994,077**
Total operating expenditure	1,875,785	1,996,629	2,120,722	**5,993,136**
(Surplus)/ deficit for the year	119	376	446	**942**
Utilised for capital funding	98,220	78,118	68,107	**244,445**
Net Surplus / Deficit	98,339	78,494	68,553	**245,386**
Total capital expenditure	217,379	298,675	210,586	**726,640**

Total operating revenue is expected to grow by 5% for the 2020/2021 financial year when compared to the 2019/2020 Budget. For the two outer years, operational revenue will increase by R121 101 722 and R124 162 857 respectively.

Operational expenditure has grown to R1 875 784 549 in the 2020/2021 budget. For the 2021/2022 and 2022/2023 year, operational expenditure will increase by an estimated R120 844 744 and R124 092 574 for each of the respective outer years of the MTREF.

The total capital quantum is R 726 640 016 over the MTREF.

DRAFT OPERATING BUDGET:

1. OPERATING REVENUE FRAMEWORK

The projected revenue is determined, inter alia, by setting tariffs which are not only affordable to the consumers, but also deemed to be fair and realistic.

The following table is a high-level summary of the 2020/2021 draft Revenue (Classified per main revenue source).

KZN292 KwaDukuza - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source								
Property rates	2	493,726	500,015	500,015	500,015	527,978	559,657	593,236
Service charges - electricity revenue	2	871,412	883,485	883,485	883,485	919,532	975,156	1,034,045
Service charges - water revenue	2	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–
Service charges - refuse revenue	2	62,847	62,847	62,847	62,847	65,363	69,285	73,442
Rental of facilities and equipment		1,686	2,666	2,666	2,666	4,087	3,880	4,217
Interest earned - external investments		33,139	40,869	40,869	40,869	38,729	43,850	47,953
Interest earned - outstanding debtors		7,566	10,316	10,316	10,316	11,900	12,749	13,354
Dividends received		–	–	–	–			
Fines, penalties and forfeits		40,020	41,720	41,720	41,720	45,421	45,782	47,147
Licences and permits		299	299	299	299	448	349	361
Agency services		11,701	11,801	11,801	11,801	12,745	13,510	13,104
Transfers and subsidies		185,135	185,205	185,205	185,205	205,224	222,991	241,010
Other revenue	2	45,765	42,922	42,922	42,922	44,477	49,797	53,300
Gains		–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		1,753,296	1,782,145	1,782,145	1,782,145	1,875,904	1,997,005	2,121,168

Significant components of the OPERATING REVENUE budget are as follows:

- **Capital Transfers**

In keeping with the prescribed formats issued by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statements. The inclusion of capital transfers would distort the calculation of the operating surplus/deficit.

- **Property Rates**

The increase in property rates is largely due to the following factors:-

1. Additional newly registered property rated from date of transfer.
2. Building completions.
3. Objection outcomes e.g. a few commercial properties increase in valuation.
4. Phasing out of developers' incentives.

- **Service Charges (Electricity and Refuse)**

Revenue generated from service charges for 2020/2021 financial year amounts to R 984 Million which indicates 53% of revenue is generated from service charges revenue. Council has embarked on various processes which will enforce better revenue collections on service charges viz.

1. Revenue Enhancement Project
2. Development of an Energy Losses Task Team which will assist in the reduction of energy losses.
3. A contractor has been appointed for the disconnection/reconnection of electricity as well as meter inspections.

4. Replacement of maximum demand meters

- **Transfers Recognised**

The following table reflects the transfer recognised – operational revenue:-

KZN292 KwaDukuza - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		119,655	135,358	153,091	172,849	172,466	172,466	191,044	210,290	231,019
Local Government Equitable Share		116,642	131,541	147,876	167,408	167,408	167,408	185,879	206,429	227,041
Municipal Systems Improvement		–	–	–	–	–	–	–	–	–
Finance Management		1,725	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
EPWP Incentive		1,288	1,565	1,540	1,729	1,729	1,729	1,465	–	–
MIG Funded PMU Costs		–	452	1,875	1,912	1,529	1,529	1,900	2,061	2,178
MIG Transfer To Ilembe		–	–	–	–	–	–	–	–	–
Electricity Demand Side Mangement Grant		–	–	–	–	–	–	–	–	–
Provincial Government:		7,628	7,850	9,361	12,286	12,738	12,738	14,180	12,701	9,991
Provincialisation of Libraries		2,929	3,045	5,028	5,279	5,279	5,279	5,427	5,610	5,890
Museum Subsidy		175	183	192	202	202	202	214	225	235
Community Library Service Grant		537	564	591	633	970	970	678	726	726
Municipal Assistance Programme		–	–	–	–	92	92	–	–	–
Housing Accreditation		3,987	4,058	3,500	6,172	6,172	6,172	3,140	3,140	3,140
Maintenace Grant-Sport Facilities		–	–	50	–	23	23	–	–	–
Spatial Development Framework Support		–	–	–	–	–	–	–	2,500	–
Ward Based Plan		–	–	–	–	–	–	–	500	–
Title Deeds Restoration		–	–	–	–	–	–	4,721	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	5	127,283	143,208	162,452	185,135	185,205	185,205	205,224	222,991	241,010
Capital Transfers and Grants										
National Government:		87,020	72,110	67,011	65,772	61,547	61,547	90,904	76,002	67,983
Municipal Infrastructure Grant (MIG)		61,330	62,110	52,091	49,772	51,547	51,547	49,447	53,630	56,692
Neighbourhood Development Partnership		15,690	–	–	–	–	–	35,457	10,371	–
Electricity Demand Side Mangement Frant		–	–	5,000	6,000	–	–	–	6,000	4,291
Intergrated National Electrification Programme		10,000	10,000	9,920	10,000	10,000	10,000	6,000	6,000	7,000
Municipal Systems Improvement		–	–	–	–	–	–	–	–	–
Finance Management		–	–	–	–	–	–	–	–	–
Provincial Government:		–	–	5,000	8,060	17,070	17,070	5,116	2,116	124
Small Town Rehabilitation		–	–	5,000	–	9,010	9,010	–	–	–
Housing Accreditation		–	–	–	60	60	60	116	116	124
Beach Rehab Grant		–	–	–	–	–	–	–	–	–
Museum Subsidy		–	–	–	3,000	3,000	3,000	5,000	2,000	–
Department of Trade & Industry		–	–	–	5,000	5,000	5,000	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other grant providers:		20,033	5,017	7,300	6,777	4,600	4,600	–	–	–
IFA GRANT-Sports Facility		–	–	–	–	–	–	–	–	–
Balito Junction Road		10,033	5,017	–	–	–	–	–	–	–
Beach Node Development(IFA-Hullets)		10,000	–	–	3,020	–	–	–	–	–
KwaDukuza Mall Private Developer		–	–	7,300	3,757	4,600	4,600	–	–	–
Total Capital Transfers and Grants	5	107,053	77,127	79,311	80,609	83,217	83,217	96,020	78,118	68,107
TOTAL RECEIPTS OF TRANSFERS & GRANTS		234,337	220,335	241,763	265,744	268,422	268,422	301,244	301,109	309,117

2. OPERATING EXPENDITURE FRAMEWORK

The Municipality's expenditure framework for the 2020/2021 MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash backed reserves to fund any deficit;
- Funding of the budget over the medium term as informed by Section 18 and 19 of the MFMA;
- The Capital programme is aligned to the backlog eradication plan

The following table indicative of the 2020/2021 draft operating expenditure by standard classification item:-

KZN292 KwaDukuza - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Expenditure By Type								
Employee related costs	2	447,322	450,672	450,672	450,672	447,872	492,468	529,026
Remuneration of councillors		24,043	24,043	24,043	24,043	25,298	28,566	31,137
Debt impairment	3	8,662	3,792	3,792	3,792	3,881	4,180	4,389
Depreciation & asset impairment	2	90,644	90,644	90,644	90,644	95,176	99,735	104,732
Finance charges		23,699	23,699	23,699	23,699	30,152	36,330	38,265
Bulk purchases	2	738,059	752,508	752,508	752,508	783,831	817,928	842,501
Other materials	8	15,971	16,442	16,442	16,442	16,600	17,804	17,282
Contracted services		199,339	203,995	203,995	203,995	132,146	152,412	180,217
Transfers and subsidies		9,267	8,857	8,857	8,857	6,900	6,294	7,245
Other expenditure	4, 5	188,709	200,285	200,285	200,285	333,927	340,913	365,928
Losses		-	-	-	-	-	-	-
Total Expenditure		1,745,715	1,774,936	1,774,936	1,774,936	1,875,785	1,996,629	2,120,722

Significant components of the OPERATING BUDGET are as follows:

- Bulk Purchases amount to approx. R783, 8m. This figure takes into consideration the Eskom increase in tariffs. Further assumptions are noted in Section 2.5

- Employee related costs and council remuneration account for 25% (R 473 170 043) of the budget (R1 875 784 549).

- Other expenditure amounts to R333, 9m.

The following table is the breakdown of other expenditure costs over the MTREF:-

KZN292 KwaDukuza - Supporting Table SA1 Supportinging detail to 'Budgeted Financial Performance'

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
EXPENDITURE ITEMS:											
Other Expenditure By Type											
Collection costs		-	-	-	-	-	-	-	8,000	8,480	8,989
Contributions to 'other' provisions		-	-	-	46,741	51,612	51,612	51,612	198,727	160,731	168,533
Audit fees		3,214	3,855	3,993	4,665	4,665	4,665	4,665	5,359	5,867	6,453
Other Expenditure		245,140	111,229	136,715	137,303	144,008	144,008	144,008	129,842	165,836	181,953
Total 'Other' Expenditure	1	248,353	115,124	140,709	188,709	200,285	200,285	200,285	333,927	340,913	365,928

Further points to Note:-

- **Provision of Free Basic Services**

The municipality has a responsibility in ensuring that indigent households are provided with the basic municipal services by subsidizing the cost of services payable by indigent consumers. Indigent Support is financed from the Equitable Share grant funding.

CAPITAL EXPENDITURE OF THE MTREF

The MFMA Local Government Capital Asset Management Guideline 2008 calls for the establishment of an Asset Managemnt Committee (AMC). The AMC oversees asset management project outcomes; set asset management timetables and approve all asset management progress reports. This committee meets on a regular basis.

The Capital Budget focuses on the IDP objectives and KDM's infrastructure needs. Due to limited resources, KDM has to prioritise its spending.

The major aspects of the capital budget are listed below :

i. Increased focus on Civil and Electrical Infrastructure.
ii. Increased focus on cemeteries development.

Asset Management requires Council to allocate 40% of the capital budget to renewable of existing assets. Since KwaDukuza Municipality is still growing/developing, with most of our rural wards still requiring new infrastructure like roads, sport fields, community halls and creches. It is because of these reasons that KwaDukuza Municipality only has 10,9% of the Capital Budget allocated towards the renewal of existing assets, while 89,1% is allocated towards new assets. We believe that in the long run 40% of the capital budget will be allocated towards asset renewals once the challenge of building new infrastructure is addressed in line with the IDP priorities.

The following is indicative of the draft Capital Expenditure per source of funding for 2020/21

SUMMARY DRAFT CAPITAL BUDGET V 2020 / 2021					
BUSINESS UNIT	DRAFT BUDGET	GRANTS	PUBLIC CONTRIBUTIONS	COUNCIL FUNDING	LOAN FUNDING
OFFICE OF THE MUNICIPAL MANAGER	-	-	-	-	-
CORPORATE SERVICES	16,100,000	-	-	1,100,000	15,000,000
FINANCE	-	-	-	-	-
EDP	10,300,000	7,200,000	-	3,100,000	-
COMMUNITY SERVICES & PUBLIC AMENITIES	15,257,907	-	-	15,257,907	-
COMMUNITY SAFETY	1,000,000	-	-	1,000,000	-
CIVIL ENGINEERING & HUMAN SETTLEMENTS	61,303,132	43,113,361	6,000,000	12,189,771	-
ELECTRICAL ENGINEERING	112,417,519	44,049,345	7,568,174	33,800,000	27,000,000
YOUTH DEVELOPMENT	1,000,000	-	-	1,000,000	-
TOTAL	217,378,559	94,362,706	13,568,174	67,447,678	42,000,000

KEY ASSUMPTIONS

- **DoRA**

All National and Provincial Grant allocations have been taken into account.

- **Inflation**

The changes in tariffs have been considered in accordance with the Rates and Tariff policy of the municipality and comply with Section 74 of the Municipal systems Act.

It is proposed that Council's tariff of charges be increased as follows and be advertised to the general public for implementation with effect from 1 July 2020:

- Property Rates increase of 6%
- Refuse Removal charges – various as per tariff of charges with a maximum of 4%
- Electricity charges – various as per tariff of charges (subject to NERSA approval)
- Miscellaneous tariffs – various (see tariff of charges document)

The salary/wage increases for all employees, including S57 employees is based on anticipated Bargaining Council Agreements which is governed via a three year agreement with the SALGBC. Outer years have been budgeted for at inflation. This will continue to be revised with on-going consultation between the payroll office and the respective business units. Any amendments will be recognised and accounted for during the final budget.

Refuse removal tariffs have been increased on average by 4% in order to ensure the sustainability and viability of tendering the service. Preceding years have indicated that the budgeting was geared towards the operating requirements of the section, thereby not allowing sufficient funds to ensure that the capital assets are maintained, replaced and extended. This increase will allow basic refuse removal services to be delivered to the community with maintained assets to meet the increasing demands of refuse removal.

For specific budget assumptions used in the MTREF, please refer to the Section 2.5

MUNICIPAL ENTITIES

The municipality does not have any municipal entities. Therefore, any associated documentation has not been tabled in this regard.

PAST PERFORMANCE HIGHLIGHTS

KDM received unqualified audit reports for the pervious fouthteen consecutive years.

ALIGNMENT WITH GOVERNMENT PRIORITIES

The following priorities have been incorporated into the MTREF 2020/2021 to 2022/2023:

- **National Priorities**

The President's 2019 State of the Nation Address indicated that local government has an obligation to:

1. Job Creation
2. Better Education

3. Improved Health Services
4. Rural Development & Land Reform
5. Spending of public funds wisely and reducing of wasteful expenditure that forms part of cost cutting measures
6. Monitoring of the Back to Basics Local Government Implementation Plan.

The National Budget Review 2019 state that local government must:

1. Enforce financial discipline; on budget spending and sound cash management
2. Ensure enhanced service delivery and communities receive value for money
3. Provide decent and sustainable jobs
4. Ensure further economic growth
5. Develop infrastructure

- **Provincial Priorities**

The MTREF and IDP are aligned with the KZN Provincial Growth & Development Strategy. This strategy involves:

1. Strengthening and building government to facilitate sustainable development, public participation in decision making, implement performance driven transformation and co-operative governance
2. Improve and expand basic service delivery for a better quality of life for all
3. Implement economic programmes to raise investments, increase exports and capitalise on provincial resources, strengths and synergies
4. Create programmes to increase employment opportunities, access to finance, human capacity and skills development, that also addresses the challenges of the second economy
5. Reduce poverty and increase vulnerable groups' access to social security nets and services
6. Comprehensively address the spread of HIV/AIDS pandemic and the associated economic and social impacts
7. To manage, preserve and enhance the natural environment and comprehensively address an environmental management system for sustainable development.

- **District Priorities**

The MTREF and IDP have taken the strategic goals of the iLembe IDP into consideration, which include:

1. Promoting investment and development
2. Introducing incentives that attract development initiatives
3. Establishing and promoting PPPs
4. Preserving and protecting the natural environment
5. Promoting cultural, community based tourism and integrated tourism development

6. Establishing co-operatives that maximise economic opportunities in the agricultural sector

The above key assumptions are further explained under Section 2.5

DEBT RECOVERY AND CREDIT CONTROL

The municipality budgets for the provision of debt impairments in accordance with the prescrpits of GRAP. This is to impair the asset so as to reflect the collection probability. This effectively ensures that the debtors as indicated on the balance sheet is not overstated. Bad Debt is however only written off when all prospective debt recovery mechinisms are exhausted and were the possibility of recovery is remote.

There may therefore be a timing difference between the impairment of the debt (provision for bad debt) and the actual "write-off" of this debt.
Any bad debts written off are done so directly against the gross value of the debt and not the impairment recognised. This reduction of debtors has a resultant effect of reducing the subsequent impairment calculated. The nett effect of this movement is recognised in the Statement of Financial Performance.

DEBT COLLECTION RATES

The municipality will undertake a review of the appliability and accuracy of the collection percentages within the forthcoming consultation period. Should there be any amnedments to these percenatges, same will be adjusted in the final budget document. Council has embarked on various processes within the current year which will enforce better revenue collections on service charges viz.

1. Revenue Enhancement Project
2. Continuation of the Revenue and Debt Steering Committee to assist in the reduction of Energy Losses.
3. Replacement of maximum demand meters

DEBTORS:

In the compilation of the draft budget the municipality has applied a 90% collection rate. During the next two months we will confirm and validate the accuracy of the collection percentage applied. It should however be noted that the municipality has implemented various mechanisms to enhance the revenue collection processes. Amongst these are the revenue enhancement project, the monitoring of the Revenue and Debt Steering Committee, and the replacement of maximum demand meters.

COST CUTTING MECHANISMS

The municipality has in the prior year implemented cost cutting and financial austerity measures. These principles are aligned to the Department of Co-Operative Governance's Back to Basics programme.
This was implemented in the prior year and continues to be embedded in the budget principles.

CASH FLOW MANAGEMENT

One of the significant funding sources of capital expenditure in the prior years was internal reserves. Whilst this allowed accelerated service delivery, the internal cash reserves did not have the ability to recover.

Recognising that this may in the long term impact the financial sustainability of KDM, Council has proactively adopted the funding and reserves policy which stipulates the minimum funding requirements which Council must strive to achieve in the medium to long term.

Given that numerous service delivery imperatives remain, a phased in approach will be implemented to ensure a balance is achieved between service delivery and financial prudence.

This process commenced three years ago with a four year progressive plan to ensure capital funding is achieved via operating surpluses so as to decrease our reliance on historic reserves.

This will be closely monitored during the MTREF and adjusted where required.

1.4 DRAFT BUDGET TABLES

DRAFT BUDGET TABLES

In terms of the Municipal Budget and Reporting Regulations, the 10 primary budget tables, as attached, reflects the 2020/2021 budget and MTREF to be supported by Council and made public for comment. The budget tables have been included as a separate annexure.

Budget Table	Synopsis of table
Table A1	High level summary of the municipality's budget, including operating, capital, financial position, cash flow and MFMA funding compliance.
Table A2	Indicative of the budgeted financial performance with regards to revenue and expenditure per standard classification.
Table A3	Indicative of the budgeted financial performance with regards to revenue and expenditure and operating surplus or deficit per municipal vote.
Table A4	Indicative of the budgeted financial performance with regards to revenue by source and expenditure by type.
Table A5	Indicative of the municipality's capital projects in relation to the capital expenditure by municipal vote, capital expenditure by classification, and funding sources. Also included is information pertaining to capital transfers from National and Provincial government. KDM has adopted a multi-year capital budget appropriation.
Table A6	Indicative of the financial position of the municipality.
Table A7	Indicative of the cash and cash equivalent of the municipality over the draft MTREF.
Table A8	Indicative of the Cash Backed Reserves/ Accumulated Surplus. Represents an evaluation of the funding levels by forecasting cash and investments at year end and reconciling the available funding to the liabilities in existence. This is in line with MFMA legislation.
Table A9	Represents the municipal capital allocations to the funding of new assets and renewal of existing assets. This also includes spending on repairs and maintenance.
Table A10	Indicative of the service delivery levels, including backlogs, for each of the main services.

2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

OVERVIEW OF THE ANNUAL BUDGET PROCESS

BACKGROUND

KDM is required to follow a strict budget process that enables significant participation by the community and all stakeholders. This budget process is governed by the MSA and the MFMA.

Numerous departmental meetings and workshops were held to ensure that the MTREF is more closely aligned to KDM's IDP and its SDBIP. Regular meetings were scheduled involving the BSC; the BTO and all business units.

The DRAFT MTREF will also be submitted to Provincial and National Treasury immediately after the approval by the council as required by MFMA.

- **Business Unit Consultation**

The Business Units have been advised to account for all operating costs necessary for the life of capital projects in compiling their Capital Budget, and, also, all incidental cost savings and increases in revenue.

Both the Operating and Capital Budgets have been evaluated through a prioritisation mechanism to assist in ensuring alignment to KDM's development strategies.

POLITICAL OVERSIGHT

Section 53 of the MFMA requires the Mayor to provide general political guidance over the budget process and the priorities that must guide the preparation of the budget. To assist the prioritisation and spending plans of Council, the political component has a duty to oversee the budget process.

The municipal has a functional Budget Steering Committee in place. The BSC monitors financial planning and spending plans, and advises Council accordingly. The BSC also considers all budget-related policies before these are tabled to Council for approval.

BUDGET-RELATED POLICIES

The following budget-related policies were taken into account in developing the MTREF:

1. Rates Policy
2. Credit Control & Debt Management Policy
3. Indigent Policy
4. Tariff Policy
5. Investment & Cash Management Policy
6. Borrowings Policy
7. Fixed Asset Management Policy
8. Funding & Reserves Policy
9. Budget Policy

10. Virements Policy
11. Long Term Financial Planning Policy
12. Policy on Infrastructure, Investments and Capital Projects
13. Supply Chain Management Policy

These have been tabled as a separate item for the consideration by Council.

ALIGNMENT WITH NATIONAL & PROVINCIAL PRIORITIES

The MTREF is in line with National and Provincial objectives. The successful alignment of KDM's service delivery priorities, as captured in its IDP, with these objectives is critical in achieving its developmental goals. The MTREF is also formulated in a manner that supports KDM's long-term sustainable growth and development.

The following priorities are National Government's framework to enhance the social, cultural and economic welfare of all South Africans:

- Protect the poor
- Build capacity for long-term growth
- Sustain employment growth
- Maintain sustainable debt level
- Address sector barriers to growth and investment

The following key policy areas are the focus of 2020/2021 Provincial Budget:

- Poverty alleviation
- Economic empowerment
- Skills development; training and preferred procurement
- Building a healthy and caring nation

KEY DEADLINES

The budget time schedule for compilation of the DRAFT MTREF was approved in August 2019, in compliance with the MFMA's requirements.

The budget timetable is necessary to ensure integration between the IDP and the MTREF. It also ensures a balanced budget is tabled to Council for consideration and approval.

- **Importance of producing a balanced and credible MTREF**

A credible MTREF is one that is highly achievable, as it is in line with all agreed service delivery and performance targets. It contains revenue and expenditure projections that are consistent with current and past performance. These projections are also supported by documented evidence of future assumptions. Only activities that are consistent with the revised IDP are funded. This ensures that the IDP remains realistically achievable given KDM's financial constraints. A credible MTREF does not jeopardize financial viability, because it ensures that

the financial position is maintained within generally accepted prudential limits and that obligations can be met. It also provides the Executive Directors with appropriate levels of delegation sufficient to meet their financial management responsibilities.

It must also be stated that the implementation of mSCOA requires a direct link between the IDP and Budget and it is therefore vital that all stakeholders respect the various timeframes. The nature of the process results in subsequent delays should any one of the components be delayed.

In accordance with MFMA Circular 74, the following key deadlines, inter alia, must be observed:

- **Schedule of Key Deadlines**

Tabling of draft MTREF to Council	May 2020
Submission of the tabled draft MTREF to the NT and relevant PT in both print electronic format (including Schedule A of the Municipal Budget & Reporting Regulations; Tables A1 to A10; Supporting Tables SA1 to SA37)	May 2020
Public Hearings & Consultations on the Draft MTREF	May 2020
Workshops on the Draft MTREF	May 2020
Considering for the Approval of the Final MTREF; IDP & SDBIP	May 2020
Approval of the Final MTREF; IDP & SDBIP	June 2020
Submission of Approved MTREF to NT / PT/ COGTA (Council places the Approved MTREF on the website)	June 2020

These are the key deadlines, as originally approved by the Mayor, taking into account advice received from NT adjusted for the unforeseen impacts of the COVID 19 pandemic.

2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN

OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN

The Integrated development Plan (IDP) is a strategic document that clearly outlines the municipality's development objectives and provides a policy framework that guides management in decision making related to budgeting and planning.

An IDP will assist the municipality as follows:-

- It is a planning process that involves both the municipality and the public to achieve long term development.
- It assists in the co-ordination of the work of the local government and other spheres of government to improve the quality of life.
- It considers the existing conditions and problems and resources available for development.
- It considers the economic and social development needs of the municipal area.
- It sets a framework for land use, infrastructure, services and protection of the environment.

Below is a tabular representation of the IDP strategic objectives:-

KZN292 KwaDukuza - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
	Electricity	A		43,198	24,907	63,328	70,177	48,682	48,682	112,418	149,837	98,865
	Waste Management	B		201	566	726	10,030	14,630	14,630	950	250	-
	Community	C		4,597	1,325	3,655	10,174	6,996	6,996	11,400	5,800	400
BASIC SERVICE DELIVERY	Road transport	D		192,501	66,970	89,780	143,515	127,966	127,966	60,865	113,310	95,697
	Cemeteries	E		23,939	28,369	2,552	21,448	2,201	2,201	6,500	1,500	1,500
	Housing	F		569	-	2,077	4,060	1,960	1,960	438	13,116	6,624
	Support Services/ Fleet	G		278	-	1,174	1,050	-	-	-	-	-
MUNICIPAL FINANCIAL	Financial Management and Admin	H		9,026	29,393	1,164	22,710	15,180	13,980	16,100	6,512	3,900
VIABILITY	Human Resources & Corporate	I		-	-	-	-	7,667	7,667	-	-	-
	Executive & Council	J		3,964	-	-	-	-	-	-	-	-
INTEGRATED HUMAN SETTLEMENT	Land Management	K		-	-	-	-	-	-	-	-	-
ECONOMIC DEVELOPMENT &	Local Economic Development	L		-	-	723	710	930	930	100	-	-
JOB CREATION	Integrated Planning	M		162	-	453	-			-	250	100
SPATIAL ANALYSIS	Public Safety	N		763	337	680	3,610	6,820	6,820	-	250	-
	Fire and Emergency	O		154	-	454	-	1,200	1,200	1,000	200	-
	Sports and Recreation	P		3,990	11,873	10,972	28,802	22,676	22,676	7,608	7,650	2,500
Allocations to other priorities			3									
Total Capital Expenditure			1	283,342	163,760	177,738	316,285	256,908	255,708	217,379	298,675	210,586

2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

A municipality's Performance Management System is a mechanism to monitor, review and improve the implementation of its IDP and monitor progress made in achieving set goals as stipulated in the IDP. Effective service delivery relies on the IDP, effective utilisation of scarce resources and the PMS system.

The IDP is developed in conjunction with the community and a realistic budget and is reviewed annually. The IDP will consider, inter alia:-

- Existing conditions, problems and resources available for development
- Economic and social development needs of the community
- It sets a framework for land use, infrastructure and services.

The Service Delivery and Budget Implementation Plan is the tool used to align the budget to the IDP. The focus of the SDBIP is both Financial and non-financial measurable performance objectives in the form of service delivery targets.

An organisation scorecard is developed after taking into consideration the aspects as indicated/highlighted in the IDP and SDBIP. This scorecard will be used to monitor the performance of the Municipality.

The following highlights should be noted in the 2020/2021 draft MTREF:-

REVENUE

The following collection rates are anticipated for 2020/2021:-

- Electricity income ..... minimum collection rate of 90%
- Property rates income ..... minimum collection rate of 90%
- Refuse income ..... minimum collection rate of 90%

For further details kindly refer to Table SA 7

FREE BASIC SERVICES

The municipality has a responsibility to ensure that indigent households are provided with the basic municipal services.

Indigent households receive 75 kwh of electricity each month, no charge to the consumer. Refuse for these low income areas are raised and credited from equitable share. Rates on properties below a certain value receive a 100% rebate.

INDIGENT POLICY

The indigent policy provides, inter alia, procedures and guidelines for the subsidisation of basic services and tariff charges to the indigent households.

Indigent registration drives are conducted annually. The onus to re-apply for continued indigent support rests on the household. The criterion for benefits under this scheme is part of the credit control policy.

An indigent customer shall automatically be deregistered if an audit or verification concludes that the financial circumstances of the indigent customer have changed to the extent that he/she no longer meets the qualifications. The indigent customer may at any time request de-registration.

PROVIDING FOR THE INDIGENTS

The "Equitable Share" grant enables municipalities to provide basic services to indigent households in an affordable manner.

KDM has undertaken to ensure that indigent households are targeted effectively in the provision of basic municipal services. The Council of KDM has an indigent support database that is updated annually.

It has been further identified that various direct and indirect services are provided to households in "indigent designated areas". These households are provided certain benefits by virtue of residing in designated areas and as a result may not apply. The costs for these services have not been separately accounted for. The municipality has identified this challenge and embarked upon a process of accurately quantifying this benefit.

2.4 OVERVIEW OF BUDGET RELATED POLICIES

OVERVIEW OF BUDGET-RELATED POLICIES

The budget process is guided and governed by relevant legislation and budget related policies. The following are key budget policies that are considered during the draft MTREF process. The policies have been considered by Council via a separate item included in the March Council Agenda. Notwithstanding this is a summary of the reviewed policies.

1. Rates Policy

The Rates Policy applies to all currently rated properties and also covers exemptions, rebates and reductions. This policy ensures that all new rates are tabled to Council for approval, before being implemented. The Rates Policy is in line with MPRA.

2. Credit Control & Debt Collection Policy

The Credit Control & Debt Collection Policy, adopted by Council, focuses on all outstanding debt and aims to promote a culture of good payment habits amongst debtors. Debtors have a responsibility towards the payment of their accounts. This policy implements an appropriate, innovative system of debt collection, which is also cost-effective. The aim of this policy is to ensure that debt is collected in the shortest possible time, without any interference in the process, thereby reducing all municipal debt.

The Credit Control & Debt Collection Policy ensures a sensitive, transparent and equitable approach to debt recovery. It prescribes methods to effectively and efficiently deal with those who default on payments, whilst taking indigent consumers into consideration and keeping costs to a minimum.

3. Indigent Policy

The objective of the Indigent Policy is to ensure the following:-

- The provision of basic services to indigent households in a manner that is sustainable, within the financial and administrative capacity of the Council.
- To provide procedures and guidelines for the subsidisation of basic service charges to its indigent households, using Council's budgetary provisions, according to prescribed guidelines.

Indigent households, in terms of this policy, qualify for

- An electricity subsidy (based on a certain number of kWh)
- A 100% refuse subsidy

- A subsidy for service charges

All conditions stated in this policy must be met before a household may be registered as "Indigent". The household income threshold for indigent households is an amount equivalent to the sum of two social pensions as prescribed by the National Department of Social Development. Households are required to formally apply for relief and must register each year for indigent support. The prescribed documentation is available from KDM Offices. Annually the municipality runs a publicised indigent registration campaign to register all indigent households. Various verification processes are implemented by Council from time to time to ensure the validity of the applicants.

4. Tariff Policy

In terms of Section 74 of the Local Government Municipal Systems Act 2000, a municipal Council must adopt and implement a Tariff Policy. The Tariff Policy is the policy for levying fees; rates or taxes for the municipal services provided by KDM. Tariff calculations are based on the nature of the service provided and treat all users of municipal services equally, by ensuring that consumers pay in proportion to the amount of services consumed.

This policy covers the Tariff Determination Process and also the Classification and Pricing Strategies of Services. It highlights the fact that all proposed tariffs are presented to the community of KwaDukuza during the Council's consultation process in respect of the MTREF. The aims of this policy are:

- To promote local economic development' growth and competiveness
- To cater for the indigent households whilst keeping rates affordable
- To ensure financial sustainability of service delivery

This Policy complies with the MSA.

5. Cash Management & Investment Policy

In terms of Section 13 (2) of the MFMA, a municipality must adopt a policy dealing with cash management and investments. The Investment & Cash Management Policy ensures that all investments are made in an effective and efficient manner and generate the best return for

the KDM. This policy ensures that all investments made take into account the preservation and safety of the principal and appropriate liquidity.

6. Borrowings Policy

The Borrowings Policy establishes a framework for incurring debt. It must be noted, however, that KDM does not raise any short-term debt. The guidelines provided in this policy ensure that KDM adheres to all statutory requirements regarding long-term debt. This policy aims to obtain funds at the lowest possible interest rates, and with minimum risk.

7. Supply Chain Management Policy

A municipality is required in terms of Section 111 of the MFMA to develop and implement a Supply Chain Management Policy. The comprehensive Supply Chain Management Policy governs, inter alia, the procurement of goods and services; disposal of goods and selecting contractors to aid the Municipality in service delivery.

8. Virements Policy

The Virements Policy is in place to ensure good budgeting practice, effective financial management and improved budgetary controls. This policy established a framework for managers to administer their budgets successfully and remain within limitations.

9. Budget Policy

The Budget Policy sets out the principles followed by KDM in drafting the MTREF. This policy covers the responsibilities of the Mayor; the MM; the CFO and other senior managers in preparing the MTREF. The operating and capital budget; budget funding; budget transfers; unavoidable expenditure and the budget preparation process are covered extensively.

10. Funding & Reserve's Policy

The Funding & Reserves Policy is aimed at ensuring that the KDM procures sufficient and cost-effective funding to achieve its capital expenditure objectives in an optimum manner. This policy must be adhered to in the procurement of funding, whilst considering the maturity profile of KwaDukuza's assets and liabilities.

This policy sets out the assumptions and methodology for estimating:

- Revenue;
- Revenue that will not be collected;

- Proceeds from the disposal of assets;
- Proceeds from borrowings; and
- Funds to be set aside in Reserves (excluding Reserves held in order to comply with GRAP Standards)

11. Asset Management Policy

The Fixed Asset Management Policy governs the acquisition, utilisation, control, maintenance and disposal of assets of KDM. This policy ensures that assets are managed in an economical, effective and efficient manner throughout their life cycles, to achieve the maximum level of service.

12. Long Term Financial Planning

A policy has been developed on the Long term financial planning of the Municipality to achieve KwaDukuza's 2030 vision.

Council reviews all budget-related policies annually. These policies are in compliance with all relevant legislation.

13. Infrastructure, Investments & Capital Projects Policy

This policy deals with investments in Infrastructure and Capital Projects to address the backlogs in service delivery as well as to promote economic growth in KwaDukuza.

2.5 OVERVIEW OF BUDGET ASSUMPTIONS

OVERVIEW OF THE BUDGET ASSUMPTIONS

In the compilation of the draft MTREF, the following influencing factors were taken into account:

- Normal inflationary increases and economic pressures, especially
  - Consumer Price Index inflations – impacting the general tariff increases levelled by the municipality.
  - Higher unemployment rate – resulting in an increase in indigent households within the KwaDukuza Jurisdiction.
  - Global Economic status – thus hindering the consumer's ability to timeously settle debt. A conservative approach is used for projecting revenue.
  - Electricity constraints.
  - The National Energy Regulator of South Africa (NERSA) approval of Eskom's application for a tariff hike. The Municipality is awaiting NERSA approval in terms of the electricity tariff increase, which has been considered as 6.9% in the 2020/21 financial year. The electricity tariff increase will be finalised upon NERSA approval.
  - No final determination has as yet been made by NERSA, however Kwadukuza will be required to abide by such. This may result in the electricity tariff to the consumer varying from that as published during the public participation process.
  - Interest rates for borrowings and investment of funds.
  - Credit ratings outlook – lower investment grade status.

- Zero-based budgeting for 2020/2021
  - Zero-based budgeting is defined as a process where every Business Unit function is reviewed comprehensively and each expenditure must be approved, rather than increased.
  - It requires the budget request to be justified in complete detail by each business Unit rather than just increasing its expenditure from the previous year.
  - Each business Unit to justify the adjustment to salaries and related expenditure (leave, overtime, training, protective clothing etc.) based on departmental operations and workforce requirements.
  - Each business Unit to critically analyse fixed costs to determine any possible variances.
  - Each Business Unit to justify the movement in variable costs with reference to the improved service delivery.
  - Each Business Unit to consider the effects of variances in the operating budget (staff costs, fuel, security, etc.) as a result of increased capital expenditure.
  - The process of full analysis of underlying projects is currently underway and will be completed during the consultative process.

- Property rates randage increase of
  - 6% in 2020/2021 financial year.

- Effect of ring-fencing of the Electricity Services
- Overall, the Council proposed increases to a maximum of 6, 9% in the Electricity tariffs.
- The municipality has not implemented the inclining block tariff structure.
- Supply and distribution of electricity continues under the municipal licence over duration of the MTREF.
- Refuse removal tariff increased as follows
    - 4% in 2020/2021
- Provision for an average of 8.25% increase for all staff remuneration costs.
- Partnership programmes with the National and Provincial Government.
- There have been no changes made to the present powers and functions of the KDM during the budget year.
- The average long-term cost of borrowings is 12%

Significant External Factors and factors relating to the COVID 19 Pandemic

- The country will not reduce lower than level 3 lockdown for the 2020/2021 financial year.
- Level 5 lock down will be re-instated in September when we experience peak infections.
- The state of emergency will remain in place for the 2020/21 financial year.
- Consumer's ability to pay municipal accounts will be restricted for the upcoming year.
- Debt recovery will be adjusted to 90%, however this is subject to revision.
- Should consumer payments be higher than above this may be appropriated in the adjustments budget.
- The national GDP outlook will not improve for the 2020/2021 financial year.
- The ratings outlook for South Africa will not significantly improve for the 2020/2021 financial year.
- Fuel prices will remain low for the upcoming year.
- Household consumption of Electricity for the duration of the draft MTREF.
- The municipal indigent base may also increase as a direct result of the pandemic which will lead to a higher provision towards indigent support. The impact of this will be evaluated and factored into the final budget.

Basis and Methodology for Forecasting Budget Projections

In terms of Chapter 4, Section 16, of the MFMA, the operational and capital budgets for the 2020/21 financial year, and the two subsequent years, attached hereto have been prepared according to the Municipal Budget and Reporting Regulations as gazetted in Government Gazette No. 32141 published on 17 April 2009.

Recognition of Free Basic Services

Free basic Services are funded by the equitable share and is recognised as Transfers and Grants. This is disclosed on Schedule SA 21. Only Cash transfers have been accounted for.

Alignment with GRAP and MSCOA

The adjusted MTREF is in line with the requirements of the GRAP standards. Given the ongoing best practice which is being released and clarity required from Treasury on certain matters within the budget schedules and alignment to the financial system, these will continually be reviewed as we progress towards final adoption.

2.6 OVERVIEW OF BUDGET FUNDING

OVERVIEW OF BUDGET FUNDING

Section 18 (1) of the MFMA states that the annual budget may only be funded from the following:-

- Realistically anticipated revenue to be collected
- Cash backed accumulated funds from previous years surplus funds not committed for other purposes, and
- Borrowed funds, but only for the capital budgets

TOTAL EXPENDITURE

KDM's overall expenditure during the DRAFT MTREF is estimated at:

Description	2020/2021	2021/2022	2022/2023
Total operating expenditure	R1,875,784,549	R1,996,629,293	R2,120,721,867
Total capital expenditure	R217,378,559	R298,675,423	R210,586,034
Total	**R2,093,163,108**	**R2,295,304,716**	**R2,331,307,901**

FUNDING SOURCES

The funding model of the Draft MTREF 2020/2021 is dependent on the following:

- The anticipated amount of revenue from Property Rates in the budget year is R 527 Million
- The anticipated amount of revenue from Service Charges in the budget year is R 984, 9 Million. Service Charges consists of revenue streams from Electricity and Refuse Removal.

TARIFF OF CHARGES

The Tariff of Charges is proposed to be implemented on 01 July 2020. This document provides for major services, and lists minor and miscellaneous tariffs – including the hiring of municipal facilities and town planning. An intensive and rigorous tariff setting process is undertaken to ensure the compilation of a credible and realistic budget.

- **EXTERNAL LOANS**

The long terms loans currently entered into are being used to fund capital expenditure. Council will fund capital projects to the value of R42 000 000 for capital expenditure in the 2020/2021 financial year.

The table below is indicative of KDM's long term liabilities:-

KZN292 KwaDukuza - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Parent municipality										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)		230,258	220,928	212,700	238,613	216,268	216,268	230,235	295,435	300,136
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	230,258	220,928	212,700	238,613	216,268	216,268	230,235	295,435	300,136

- **INVESTMENTS**

KDM has funds held in bank deposits, including the depositing of grant funding into ring fenced call deposit accounts in order to improve management of grant funding.

The cash and investments of KDM currently amount to R 611, 3 Million as at 30 April 2020. It should be noted that these funds are committed as conditional grants or operating funds. These funds also consist of monies set aside to settle long-term debt. The total encumbered portion is approximately R 340 M. If KDM does not meet its long-term debt requirements as and when they fall due, it will be liable for severe penalties. Cash forecasts indicate KwaDukuza's current cash coverage ratio is just over 2 months.

Below table is indicative of the 2020/2021 investment forecast:-

KZN292 KwaDukuza - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		121,461	106,873	132,757	176,714	163,866	163,866	193,866	203,866	213,866
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	121,461	106,873	132,757	176,714	163,866	163,866	193,866	203,866	213,866
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		121,461	106,873	132,757	176,714	163,866	163,866	193,866	203,866	213,866

- **GOVERNMENT GRANT ALLOCATIONS**

National and Provincial Allocations:

The DORA allocations that will be granted to KDM consist of:

2020 DRAFT BUDGET-GRANT ALLOCATIONS

GRANT	NATIONAL/ PROVINCIAL	2020/2021	2021/2022	2022/2023
Local Financial Management Grant	National	1,800,000.00	1,800,000.00	1,800,000.00
Expanded Public Works Programme	National	1,465,000.00	-	-
Municipal Infrastructure Grant	National	51,347,000.00	55,691,000.00	58,870,000.00
Energy Efficiency and Demand Side Management Grant	National	-	6,000,000.00	4,291,000.00
Integrated national Electrification Programme	National	6,000,000.00	6,000,000.00	7,000,000.00
Equitable Share	National	185,879,000.00	206,429,000.00	227,041,000.00
Housing Accreditation(Operational)	Provincial	3,140,000.00	3,140,000.00	3,140,000.00
Housing Accreditation(Capital)	Provincial	115,830.00	116,203.00	124,122.00
Museum Subsidies	Provincial	5,214,000.00	2,225,000.00	235,000.00
Provincialisation of Libraries	Provincial	5,427,000.00	5,610,000.00	5,890,000.00
Community Library Services Grant	Provincial	678,000.00	726,000.00	726,000.00
Title Deeds Restoration Grant	Provincial	4,721,000.00	-	-
Spatial Development Framework Support	Provincial	-	2,500,000.00	-
Ward Based Plan	Provincial	-	500,000.00	-
Neigbourhood Partnership Grant	National	35,456,747.25	10,371,398.50	
Total Grants		**301,243,577.25**	**301,108,601.50**	**309,117,122.00**

All of the above allocations, excluding Equitable Share, are **conditional grants**. This means that they have been allocated to KDM for a specific purpose and may not be used to fund any other expenditure.

Once all conditions are met, these allocations are transferred to the Statement of Financial Performance in order to match the expenditure incurred.

This is in compliance with the relevant GRAP standards. The transfers indicated on the Statement of Financial Performance are, therefore, accounting entries and do not actually represent cash on hand.

2.7 EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

EXPENDITURE ON ALLOCATIONS & GRANTS

Grant funding and expenditure is covered in detail in **Supporting Tables SA18, SA19 and SA20.**

KZN292 KwaDukuza - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		119,655	135,358	153,091	172,849	172,466	172,466	191,044	210,290	231,019
Local Government Equitable Share		116,542	131,541	147,876	167,408	167,408	167,408	185,879	206,429	227,041
Municipal Systems Improvement		–	–	–	–	–	–	–	–	–
Finance Management		1,725	1,809	1,800	1,800	1,800	1,800	1,800	1,800	1,800
EPWP Incentive		1,288	1,565	1,540	1,729	1,729	1,729	1,465	–	–
MIG Funded PMU Costs		–	452	1,875	1,912	1,529	1,529	1,900	2,061	2,178
MIG Transfer To Ilembe		–	–	–	–	–	–	–	–	–
Electricity Demand Side Mangement Grant		–	–	–	–	–	–	–	–	–
Provincial Government:		7,628	7,850	9,361	12,286	12,736	12,736	14,180	12,701	9,991
Provincialisaton of Libraries		2,929	3,045	5,028	5,279	5,279	5,279	5,427	5,610	5,890
Museum Subsidy		175	183	192	202	202	202	214	225	235
Community Library Service Grant		537	564	591	633	970	970	678	726	726
Municipal Assistance Programme		–	–	–	–	92	92	–	–	–
Housing Accreditation		3,987	4,058	3,500	6,172	6,172	6,172	3,140	3,140	3,140
Maintenace Grant-Sport Facilites		–	–	50	–	23	23	–	–	–
Spatial Development Framework Support		–	–	–	–	–	–	–	2,500	–
Ward Based Plan		–	–	–	–	–	–	–	500	–
Title Deeds Restoration		–	–	–	–	–	–	4,721	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	5	127,283	143,208	162,452	185,135	185,205	185,205	205,224	222,991	241,010
Capital Transfers and Grants										
National Government:		87,020	72,110	67,011	65,772	61,547	61,547	90,904	76,002	67,983
Municipal Infrastructure Grant (MIG)		61,330	62,110	52,091	49,772	51,547	51,547	49,447	53,630	56,692
Neighbourhood Development Partnership		15,690	–	–	–	–	–	35,457	10,371	–
Electricity Demand Side Mangement Frant		–	–	5,000	6,000	–	–	–	6,000	4,291
Intergrated National Electrification Programme		10,000	10,000	9,920	10,000	10,000	10,000	6,000	6,000	7,000
Municipal Systems Improvement		–	–	–	–	–	–	–	–	–
Finance Management		–	–	–	–	–	–	–	–	–
Provincial Government:		–	–	5,000	8,960	17,070	17,070	5,116	2,116	124
Small Town Rehabilitation		–	–	5,000	–	9,010	9,010	–	–	–
Housing Accreditation		–	–	–	60	60	60	116	116	124
Beach Rehab Grant		–	–	–	–	–	–	–	–	–
Museum Subsidy		–	–	–	3,000	3,000	3,000	5,000	2,000	–
Department of Trade & Industry		–	–	–	5,000	5,000	5,000	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other grant providers:		20,033	5,017	7,300	6,777	4,600	4,600	–	–	–
IFA GRANT-Sports Facility		–	–	–	–	–	–	–	–	–
Ballito Junction Road		10,033	5,017	–	–	–	–	–	–	–
Beach Node Development(IFA-Hullets)		10,000	–	–	3,020	–	–	–	–	–
KwaDukuza Mall Private Developer		–	–	7,300	3,757	4,600	4,600	–	–	–
Total Capital Transfers and Grants	5	107,053	77,127	79,311	80,609	83,217	83,217	96,020	78,118	68,107
TOTAL RECEIPTS OF TRANSFERS & GRANTS		234,337	220,335	241,763	265,744	268,422	268,422	301,244	301,109	309,117

KZN292 KwaDukuza - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		119,655	135,358	153,749	172,649	172,466	172,466	191,044	219,290	231,019
Local Government Equitable Share		116,642	131,541	147,876	167,408	167,408	167,408	185,879	205,429	227,041
Municipal Systems Improvement		–	–	–	–	–	–	–	–	–
Finance Management		1,725	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
EPWP Incentive		1,288	1,565	1,540	1,729	1,729	1,729	1,465	–	–
MIG Funded PMU Costs		–	452	2,533	1,912	1,529	1,529	1,900	2,061	2,178
MIG Transfer To Ilembe		–	–	–	–	–	–	–	–	–
Electricity Demand Side Mangement Grant		–	–	–	–	–	–	–	–	–
Provincial Government:		3,589	3,900	5,869	12,286	12,738	12,738	14,180	12,701	9,991
Provincialisation of Libraries		2,929	3,045	5,028	5,279	5,279	5,279	5,427	5,610	5,890
Museum Subsidy		175	183	192	202	202	202	214	225	235
Community Library Service Grant		367	584	591	633	970	970	678	726	726
Municipal Assistance Programme		118	–	–	–	92	92	–	–	–
Housing Accreditation		–	–	–	6,172	6,172	6,172	3,140	3,140	3,140
Maintenace Grant-Sport Facilities		–	88	58	–	23	23	–	–	–
Spatial Development Framework Support		–	–	–	–	–	–	–	2,600	–
Ward Based Plan		–	–	–	–	–	–	–	500	–
Title Deeds Restoration		–	–	–	–	–	–	4,721	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total operating expenditure of Transfers and Grants:		123,244	139,257	159,618	185,135	185,205	185,205	205,224	222,991	241,010
Capital expenditure of Transfers and Grants										
National Government:		78,929	64,277	63,052	65,772	61,547	61,547	90,904	76,002	67,983
Municipal Infrastructure Grant (MIG)		61,330	62,110	48,132	49,772	51,547	51,547	49,447	53,630	56,692
Neighbourhood Development Partnership		15,690	–			–	–	35,457	10,371	–
Electricity Demand Side Mangement Frant		–	–	5,000	6,000	–	–	–	6,000	4,291
Intergrated National Electrification Programme		1,909	2,167	9,920	10,000	10,000	10,000	6,000	6,000	7,000
Municipal Systems Improvement						–	–	–	–	–
Finance Management										
Provincial Government:		831	191	–	8,060	9,870	9,870	15,316	6,116	124
Corridor Funding		–	–	–	–	–	–			
Small Town Rehabilitation Grant		–	–	–	–	9,010	9,010			
Housing Accreditation		–	–	–	60	60	60	116	116	124
Beach Rehabilitation		645	191	–	–	–	–			
Museum Subsidy		186	–	–	3,000	800	800	7,200	2,000	–
Department of Trade & Industry		–	–	–	5,000	–	–	8,000	4,000	
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		3,720	8,018	8,202	6,777	3,577	3,577	13,568	3,874	–
IFA GRANT-Sports Facility		91	2,447	2,202	3,020	820	820			
Ballito Junction Road		3,000	717	6,000				7,568		
Beach Node Development(IFA-Hullets)		629	4,855							
KwaDukuza Mall Private Developer					3,757	2,757	2,757	6,000	3,874	
Total capital expenditure of Transfers and Grants		83,480	72,487	71,253	80,609	74,995	74,995	119,788	85,992	68,107
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		206,724	211,745	230,872	265,744	260,199	260,199	325,012	308,982	309,117

KZN292 KwaDukuza - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		119,655	135,358	153,091	172,849	172,466	172,466	191,044	210,290	231,019
Conditions met - transferred to revenue		119,655	135,358	153,091	172,849	172,466	172,466	191,044	210,290	231,019
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year		19,082	18,223	18,618	–	452	452	–	–	–
Current year receipts		7,628	7,850	9,361	12,286	12,286	12,286	14,180	12,701	9,991
Conditions met - transferred to revenue		8,488	7,455	27,979	12,286	12,738	12,738	14,180	12,701	9,991
Conditions still to be met - transferred to liabilities		18,223	18,618	–	–	–	–	–	–	–
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts		30,738	10,377	(15,288)						
Conditions met - transferred to revenue		30,738	10,377	(15,288)	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		158,881	153,189	165,781	185,135	185,205	185,205	205,224	222,991	241,010
Total operating transfers and grants - CTBM	2	18,223	18,618	–	–	–	–	–	–	–
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		–	8,091	15,925	–	–	–	–	–	–
Current year receipts		87,020	72,110	67,011	65,772	61,547	61,547	90,904	76,002	67,983
Conditions met - transferred to revenue		78,929	64,277	82,936	65,772	61,547	61,547	90,904	76,002	67,983
Conditions still to be met - transferred to liabilities		8,091	15,925	–	–	–	–	–	–	–
Provincial Government:										
Balance unspent at beginning of the year		1,022	191	–	–	4,010	4,010	10,200	4,000	–
Current year receipts		–	–	5,000	8,060	13,060	13,060	5,116	2,116	124
Conditions met - transferred to revenue		831	191	5,000	8,060	9,870	9,870	15,316	6,116	124
Conditions still to be met - transferred to liabilities		191				7,200	7,200			
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year		4,381	20,694	17,692	12,559	18,624	18,624	22,922	9,354	–
Current year receipts		20,033	5,017	7,300	6,777	4,600	4,600	–	–	–
Conditions met - transferred to revenue		3,720	8,018	13,758	6,777	3,577	3,577	13,568	3,874	–
Conditions still to be met - transferred to liabilities		20,694	17,692	11,235	12,559	19,646	19,646	9,354	5,481	
Total capital transfers and grants revenue		83,480	72,467	101,694	80,609	74,995	74,995	119,788	85,992	68,107
Total capital transfers and grants - CTBM	2	28,977	33,617	11,235	12,559	26,846	26,846	9,354	5,481	–
TOTAL TRANSFERS AND GRANTS REVENUE		242,361	225,677	267,474	265,744	260,199	260,199	325,012	308,982	309,117
TOTAL TRANSFERS AND GRANTS - CTBM		47,200	52,234	11,235	12,559	26,846	26,846	9,354	5,481	–

2.8 ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

KZN292 KwaDukuza - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash Transfers to other municipalities											
Insert description	1	–	–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–
		–	–	6,494			–				
Total Cash Transfers To Municipalities:		–	–	6,494	–	–	–	–	–	–	–
Cash Transfers to Entities/Other External Mechanisms											
Insert description	2	–	–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–
Total Cash Transfers To Entities/Ems'		–	–	–	–	–	–	–	–	–	–
Cash Transfers to other Organs of State											
Library Services	3	–	–	–			–		50	4	5
Tourism Board		–	–	–	–	–	–	–	200	200	250
Total Cash Transfers To Other Organs Of State:		–	–	–	–	–	–	–	250	204	255
Cash Transfers to Organisations											
020261534 Isizwe Development Programmes		–	–	–	324	324	324	324	–	–	–
030261823 Stocktaking Payment to KZN DAC					2	2	2	2			
032260984 Tourism Heritage					179	179	179	179			
156261615 EPWP Expenditure		–	–	–	2,729	3,729	3,729	3,729	–	–	–
Total Cash Transfers To Organisations		–	–	–	3,234	4,234	4,234	4,234	–	–	–
Cash Transfers to Groups of Individuals											
027261754 Bursary Fund		–	–	–	336	336	336	336	350	350	350
022 Adhoc Grant in Aid									500	700	850
022 Albinism Support									200	300	430
022 Disability Support									300	400	500
022261812 Masakhane Campaign									100	100	100
022261766 Operation Sukuma Sakhe									1,200	1,500	2,000
022 Operation Mbo									60	70	80
020261534 Isizwe Development Programmes									350	350	350
020260550 Grants-in-Aid									1,000	1,000	1,000
032261724 Trade and Co-operative Development									50	50	50
032260985 Community Agriculture Development									150	200	200
032261725 Hydrophonics Organic Farms									–	–	–
032261723 Informal Trader Stalls									100	100	100
032 Livestock Support									150	170	180
031 Heritage Research									75	100	100
027261993 Youth development									600	700	700
156261615 EPWP Expenditure									1,465	–	–
Total Cash Transfers To Groups Of Individuals:		–	–	–	336	336	336	336	6,650	6,090	6,990
TOTAL CASH TRANSFERS AND GRANTS	6	–	–	6,494	3,570	4,570	4,570	4,570	6,900	6,294	7,245
Non-Cash Transfers to other municipalities											
Insert description	1	–	–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–
Total Non-Cash Transfers To Municipalities:		–	–	–	–	–	–	–	–	–	–
Non-Cash Transfers to Entities/Other External Mechanisms											
Insert description	2	–	–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–
Total Non-Cash Transfers To Entities/Ems'		–	–	–	–	–	–	–	–	–	–
Non-Cash Transfers to other Organs of State											
Insert description	3	–	–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–
Total Non-Cash Transfers To Other Organs Of State:		–	–	–	–	–	–	–	–	–	–
Non-Cash Grants to Organisations											
Transfer to Ilembe	4	–	–	–	–	–	–	–	–	–	–
020260550 Grants-in-Aid					1,368	768	768	768			
022261766 Operation Sukuma Sakhe					2,611	2,411	2,411	2,411			
022261812 Masakhane Campaign					150	70	70	70			
027261993 Youth development					280	500	500	500			
032260985 Community Agriculture Development					133	133	133	133			
032261723 Informal Trader Stalls					133	133	133	133			
032261724 Trade and Co-operative Development					100	100	100	100			
032261725 Hydrophonics Organic Farms					112	112	112	112			
022 Mayoral Outreach					50	–	–	–			
022 Operation Mbo					100	60	60	60			
022 HIV/Aids					50	–	–	–			
Total Non-Cash Grants To Organisations		–	–	–	5,697	4,287	4,287	4,287	–	–	–
Groups of Individuals											
Insert description	5	–	–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–
Total Non-Cash Grants To Groups Of Individuals:		–	–	–	–	–	–	–	–	–	–
TOTAL NON-CASH TRANSFERS AND GRANTS		–	–	–	5,697	4,287	4,287	4,287	–	–	–
TOTAL TRANSFERS AND GRANTS	6	–	–	6,494	9,267	8,857	8,857	8,857	6,900	6,294	7,245

2.9 COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

COUNCILLOR ALLOWANCES & EMPLOYEE BENEFITS

KZN292 KwaDukuza - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		11,701	12,957	21,220	16,210	16,210	16,210	17,322	19,259	20,993
Pension and UIF Contributions		1,459	1,737	1,073		-	-	-	-	-
Medical Aid Contributions		46	-			-	-	-	-	-
Motor Vehicle Allowance		4,326	4,687		5,368	5,368	5,368	5,468	6,378	6,952
Cellphone Allowance		1,294	2,304		2,465	2,465	2,465	2,508	2,929	3,192
Housing Allowances			84			-	-	-	-	-
Other benefits and allowances			43			-	-	-	-	-
Sub Total - Councillors		18,826	21,812	22,293	24,043	24,043	24,043	25,298	28,566	31,137
% increase	4		15.9%	2.2%	7.9%	-	-	5.2%	12.9%	9.0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		8,686	9,310	10,374	11,533	11,905	11,905	11,206	11,878	12,591
Pension and UIF Contributions		1,114	1,255	1,375	1,473	2,074	2,074	1,427	1,513	1,604
Medical Aid Contributions						-	-			
Overtime						-	-			
Performance Bonus		596	717	712	1,113	1,037	1,037	1,100	1,166	1,236
Motor Vehicle Allowance	3	1,223	1,482	1,600	1,618	1,538	1,538	1,534	1,626	1,724
Cellphone Allowance	3	108	120	139	149	134	134	133	141	150
Housing Allowances	3					-	-			
Other benefits and allowances	3	99	124	136	1	1	1	1	1	1
Payments in lieu of leave						-	-			
Long service awards						-	-			
Post-retirement benefit obligations	6					-	-			
Sub Total - Senior Managers of Municipality		11,826	13,008	14,336	15,888	16,690	16,690	15,402	16,326	17,306
% increase	4		10.0%	10.2%	10.8%	5.0%	-	(7.7%)	6.0%	6.0%
Other Municipal Staff										
Basic Salaries and Wages		166,173	182,965	197,525	251,553	246,839	246,839	244,885	262,337	282,767
Pension and UIF Contributions		31,425	37,117	37,584	52,262	49,955	49,955	50,825	61,066	64,730
Medical Aid Contributions		18,811	17,337	21,122	27,551	27,431	27,431	27,055	33,661	35,680
Overtime		48,065	43,262	41,962	39,916	47,471	47,471	47,471	51,387	55,498
Performance Bonus		-	-		-	-	-	-	-	-
Motor Vehicle Allowance	3	11,687	11,964	12,423	15,135	16,399	16,399	16,330	17,678	19,092
Cellphone Allowance	3	916	6,888	1,017	1,371	1,412	1,412	1,202	1,301	1,405
Housing Allowances	3	774	805	890	1,020	1,137	1,137	1,056	1,143	1,235
Other benefits and allowances	3	11,092	7,402	26,028	33,311	33,981	33,981	33,560	36,651	39,523
Payments in lieu of leave		19,694	15,458	9,904	9,316	9,357	9,357	10,086	10,918	11,791
Long service awards						-	-	-	-	-
Post-retirement benefit obligations	6					-	-	-	-	-
Sub Total - Other Municipal Staff		308,638	323,218	348,455	431,434	433,982	433,982	432,470	476,142	511,720
% increase	4		4.7%	7.8%	23.8%	0.6%	-	(0.3%)	10.1%	7.5%
Total Parent Municipality		339,290	358,038	385,084	471,365	474,715	474,715	473,170	521,034	560,163
			5.5%	7.6%	22.4%	0.7%	-	(0.3%)	10.1%	7.5%

KZN292 KwaDukuza - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		757,983		43,248			801,231
Chief Whip			532,958		220,901			753,859
Executive Mayor			710,611		280,119			990,730
Deputy Executive Mayor			568,488		232,744			801,232
Executive Committee			4,248,033		1,761,996			6,010,028
Total for all other councillors			10,503,580		5,437,618			15,941,198
Total Councillors	8	-	17,321,653	-	7,976,625			25,298,278
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1,578,804	156,095	113,160	146,299		1,994,358
Chief Finance Officer			1,127,363	297,531	489,624	147,705		2,062,223
								-
								-
								-
								-
List of each offical with packages >= senior manager								
ED: CORPORATE GOVERNANCE			1,132,130	298,780	199,920	105,402		1,736,232
ED: CORP SERVICE			1,397,165	2,162	110,520	119,453		1,629,300
ED: YOUTH			-					-
ED: E D PLANNING			1,201,445	252,777	110,520	119,452		1,684,194
ED: COMMUNITY SAFETY			1,371,185	2,162	144,420	120,086		1,637,853
ED : COMMUNITY SERVICES			1,106,981	201,474	194,520	118,903		1,621,878
ED : CIVIL ENGINEERING SERVICES			1,184,038	215,348	110,520	119,457		1,629,363
ED: ELECTRICAL ENGINEERING SERVICES			1,106,981	2,162	194,520	102,958		1,406,621
								-
								-
								-
								-
								-
Total Senior Managers of the Municipality	8,10	-	11,206,092	1,428,491	1,667,724	1,099,715		15,402,022

2.10 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

KZN292 KwaDukuza - Table A7 Budgeted Cash Flows

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		357,545	403,722	450,494	444,354	450,013	450,013	450,013	475,180	503,691	533,913
Service charges		707,479	790,314	833,381	840,833	851,699	851,699	851,699	886,406	936,533	996,739
Other revenue		117,150	87,411	68,552	159,159	69,573	69,573	69,573	82,398	88,399	93,963
Transfers and Subsidies - Operational	1	128,086	143,208	163,581	185,135	184,752	184,752	184,752	205,224	222,991	241,010
Transfers and Subsidies - Capital	1	83,894	77,127	71,923	77,589	74,174	74,174	74,174	96,020	78,118	68,107
Interest		37,092	31,077	40,734	38,056	47,583	47,583	47,132	48,729	54,850	58,953
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(1,158,157)	(1,191,868)	(1,241,698)	(1,574,369)	(1,616,333)	(1,616,333)	(1,616,333)	(1,571,148)	(1,697,359)	(1,802,558)
Finance charges		(24,515)	(23,103)	(22,223)	(23,699)	(23,699)	(23,699)	(23,699)	(30,152)	(36,330)	(38,265)
Transfers and Grants	1	-	-	(18,796)	(9,267)	(8,857)	(8,857)	(8,857)	(6,900)	(6,294)	(7,245)
NET CASH FROM/(USED) OPERATING ACTIVITIES		248,573	317,887	345,947	37,851	28,906	28,906	28,455	185,755	144,598	143,716
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		990	141	22		-	-	-	(1,000)	(1,500)	(500)
Decrease (increase) in non-current receivables			-	-	54	54	54	54	45	(373)	163
Decrease (increase) in non-current investments		171,916	14,588	(25,884)	(31,110)	(31,110)	(31,110)	(31,110)	(30,000)	(10,000)	(10,000)
Payments											
Capital assets		(300,611)	(152,805)	(149,857)	(316,285)	(256,908)	(256,908)	(255,708)	(229,236)	(308,589)	(219,453)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(127,796)	(176,125)	(175,718)	(252,340)	(192,964)	(192,964)	(191,764)	(260,191)	(320,462)	(229,790)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-		-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	30,000	15,000	15,000	15,000	27,000	80,000	42,000
Increase (decrease) in consumer deposits		1,226	625	1,482	2,500	2,500	2,500	2,500	2,500	1,500	1,500
Payments											
Repayment of borrowing		(14,735)	(8,689)	(9,680)	(12,315)	(9,830)	(9,830)	(9,830)	(11,432)	(12,315)	(28,127)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(13,509)	(8,064)	(8,198)	20,185	7,670	7,670	7,670	18,068	69,185	15,373
NET INCREASE/ (DECREASE) IN CASH HELD		107,268	133,699	162,031	(194,305)	(156,388)	(156,388)	(155,639)	(56,367)	(106,678)	(70,701)
Cash/cash equivalents at the year begin:	2	162,941	270,209	403,908	446,469	565,939	565,939	565,565	409,926	353,559	246,881
Cash/cash equivalents at the year end:	2	270,209	403,908	565,939	252,164	409,551	409,551	409,926	353,559	246,881	176,180

KZN292 KwaDukuza - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
													1		
Cash Receipts By Source															
Property rates		42,151	42,151	42,151	42,151	42,151	42,151	42,151	42,151	42,151	42,151	53,674	475,160	503,691	533,913
Service charges - electricity revenue	71,738	71,738	71,738	71,738	71,738	71,738	71,738	71,738	71,738	71,738	71,738	38,457	827,579	877,640	930,641
Service charges - water revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	4,822	4,822	4,822	4,822	4,822	4,822	4,822	4,822	4,822	4,822	4,822	5,788	58,827	58,892	66,098
Rental of facilities and equipment	359	359	359	359	359	359	359	359	359	359	359	139	4,087	3,880	4,217
Interest earned - external investments	3,844	3,844	3,844	3,844	3,844	3,844	3,844	3,844	3,844	3,844	3,844	(3,550)	38,729	43,850	47,953
Interest earned - outstanding debtors	833	833	833	833	833	833	833	833	833	833	833	833	10,000	11,000	11,000
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	1,894	1,894	1,894	1,894	1,894	1,894	1,894	1,894	1,894	1,894	1,894	2,592	23,421	23,782	25,147
Licences and permits	37	37	37	37	37	37	37	37	37	37	37	37	448	349	361
Agency services	1,062	1,062	1,062	1,062	1,062	1,062	1,062	1,062	1,062	1,062	1,062	1,062	12,745	13,510	13,104
Transfers and Subsidies - Operational	17,102	17,102	17,102	17,102	17,102	17,102	17,102	17,102	17,102	17,102	17,102	17,102	205,224	222,991	241,010
Other revenue	3,569	3,569	3,569	3,569	3,569	3,569	3,569	3,569	3,569	3,569	3,569	2,439	41,698	46,878	50,235
Cash Receipts by Source	105,260	147,410	147,410	147,410	147,410	147,410	147,410	147,410	147,410	147,410	147,410	118,572	1,697,936	1,806,463	1,923,677
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2,000	2,000	7,164	5,700	7,600	11,900	10,825	7,958	12,250	8,450	2,000	18,173	96,020	78,118	68,107
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	–	–	–	–	–	–	–	–	–	–	–	(1,000)	(1,000)	(1,500)	(500)
Proceeds on Disposal of Fixed and Intangible Assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Short term loans												27,000	27,000	80,000	42,000
Borrowing long term/refinancing												–	2,500	1,500	1,500
Increase (decrease) in consumer deposits	2,500	–	–	–	–	–	–	–	–	–	–	–	45	(373)	163
Decrease (Increase) in non-current receivables	45	–	–	–	–	–	–	–	–	–	–	–	(30,000)	(10,000)	(10,000)
Decrease (Increase) in non-current investments	(10,000)	–	–	–	–	–	–	–	–	–	–	(20,000)	1,792,501	1,954,209	2,024,947
Total Cash Receipts by Source	99,805	149,410	154,574	153,110	155,010	159,310	158,235	155,369	159,660	155,860	149,410	142,745			
Cash Payments by Type															
Employee related costs	42,261	42,261	42,261	42,261	42,261	42,261	42,261	42,261	42,261	42,261	42,261	(16,997)	447,872	492,468	529,026
Remuneration of councillors	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,955	25,298	28,566	31,137
Finance charges	2,513	2,513	2,513	2,513	2,513	2,513	2,513	2,513	2,513	2,513	2,513	2,513	30,152	36,330	38,265
Bulk purchases - Electricity	66,265	66,265	66,265	66,265	66,265	66,265	66,265	66,265	66,265	66,265	66,265	54,913	783,831	817,928	842,501
Bulk purchases - Water & Sewer	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other materials	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,900	16,600	17,804	17,282
Contracted services	15,531	15,531	15,531	15,531	15,531	15,531	15,531	15,531	15,531	15,531	15,531	(38,694)	132,146	152,412	180,217
Transfers and grants - other municipalities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and grants - other	702	702	702	702	702	702	702	702	702	702	702	(823)	6,900	5,294	7,245
Other expenditure	17,259	17,259	17,259	17,259	17,259	17,259	17,259	17,259	17,259	17,259	17,259	(24,443)	165,401	188,182	202,395
Cash Payments by Type	147,898	147,898	147,898	147,898	147,898	147,898	147,898	147,898	147,898	147,898	147,898	(18,677)	1,608,201	1,739,983	1,848,068
Other Cash Flows/Payments by Type															
Capital assets	12,000	6,500	38,494	30,550	29,315	39,916	31,310	28,708	36,410	42,815	18,600	(85,382)	229,236	308,589	219,453
Repayment of borrowing						5,600						5,832	11,432	12,315	28,127
Other Cash Flows/Payments												–			
Total Cash Payments by Type	159,898	154,398	186,392	178,448	177,213	193,414	179,208	176,606	184,308	190,713	166,498	(98,227)	1,848,868	2,060,887	2,095,648
NET INCREASE/(DECREASE) IN CASH HELD	(60,093)	(4,987)	(31,817)	(25,337)	(22,202)	(34,103)	(20,972)	(21,237)	(24,647)	(34,852)	(17,087)	240,972	(56,367)	(106,678)	(70,701)
Cash/cash equivalents at the month/year begin:	409,926	349,833	344,845	313,028	287,690	265,488	231,384	210,412	189,174	164,527	129,675	112,587	409,926	353,559	246,881
Cash/cash equivalents at the month/year end:	349,833	344,845	313,028	287,690	265,488	231,384	210,412	189,174	164,527	129,675	112,587	353,559	353,559	246,881	176,180

2.11 ANNUAL BUDGETS AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS – INTERNAL BUSINESS UNITS

2.11.1. DETAILED OPERATING BUDGET (Distributed as part one of the budget agenda)

2.11.2. DETAILED CAPITAL BUDGET (Distributed as part one of the budget agenda)

2.11.3. TARIFF OF CHARGES (Distributed as part one of the budget agenda)

2.11.4. BUSINESS UNIT CAPITAL SDBIPs (Attached as Annexure 2)

2.12 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

The following contract imposes financial obligations on KDM beyond the duration of the MTREF:

- REFUSE REMOVAL SERVICES
- SHARK NETS
- SECURITY SERVICES – (Current contract expires in June 2020)
- GRASS CUTTING CONTRACTS – (Current contracts have expired and new contracts not fully appointed)

Dolphin Coast Waste Management organisation is contracted for the period of the MTREF for refuse removal services. Dolphin Coast Waste Management attends to waste removal within KDM's jurisdiction, such as:

- White Goods (usual household appliances)
- Domestic Waste (general household waste produced on residential premises)
- Commercial Waste (excludes special refuse)
- Industrial Waste (light, medium and heavy industry)
- Garden Refuse (grass cuttings; hedge trimmings; etc)

The final terms and conditions of the contract are still being negoiatated as a Public Private Parternship.

2.13 CAPITAL EXPENDITURE DETAILS

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - Chief Operations Officer Business Unit		7,798	–	–	–	–	–	–	–	–	–
Vote 2 - Corporate Services Business Unit		–	–	–	18,800	15,000	15,000	15,000	15,000	–	–
Vote 3 - Finance Business Unit		1,909	15,838	61	–	–	–	–	–	–	–
Vote 4 - Economic Development Planning Business Unit		–	–	–	3,000	800	800	800	10,200	4,000	–
Vote 5 - Community Services and Public Amenities Business		25,075	39,429	11,541	39,079	25,607	25,607	25,607	7,208	7,000	2,500
Vote 6 - Community Safety Business Unit		–	334	620	1,000	1,000	1,000	1,000	1,000	–	–
Vote 7 - Civil Engineering and Human Settlement Business U		87,041	59,023	81,622	138,465	114,318	114,318	114,318	61,187	126,210	102,197
Vote 8 - Electrical Engineering Business Unit		21,148	20,056	59,844	67,277	42,371	42,371	42,371	112,418	149,237	99,465
Vote 9 - Youth Development Business Unit		–	786	–	2,024	2,024	2,024	2,024	1,000	1,000	–
Vote 10 - Null		–	–	–	–	–	–	–	–	–	–
Vote 11 - Null		–	–	–	–	–	–	–	–	–	–
Vote 12 - Null		–	–	–	–	–	–	–	–	–	–
Vote 13 - Null		–	–	–	–	–	–	–	–	–	–
Vote 14 - Null		–	–	–	–	–	–	–	–	–	–
Vote 15 - Null		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	142,971	135,467	153,688	269,645	201,121	201,121	201,121	208,013	287,447	204,162
Single-year expenditure *to be appropriated*	2										
Vote 1 - Chief Operations Officer Business Unit		757	–	654	–	–	–	–	–	–	–
Vote 2 - Corporate Services Business Unit		6,180	–	942	1,800	4,300	3,300	3,300	1,100	800	–
Vote 3 - Finance Business Unit		102	1,162	–	100	180	180	180	–	50	–
Vote 4 - Economic Development Planning Business Unit		261	–	723	710	930	930	930	100	250	100
Vote 5 - Community Services and Public Amenities Business		4,200	1,891	3,688	24,260	17,142	16,942	16,942	8,050	3,000	1,900
Vote 6 - Community Safety Business Unit		953	773	1,739	6,380	7,500	7,500	7,500	–	750	–
Vote 7 - Civil Engineering and Human Settlement Business U		105,465	19,616	13,452	8,420	18,425	18,425	18,425	116	4,628	2,374
Vote 8 - Electrical Engineering Business Unit		22,328	4,851	2,326	3,950	6,311	6,311	6,311	–	1,750	2,050
Vote 9 - Youth Development Business Unit		156	–	527	1,000	1,000	1,000	1,000	–	–	–
Vote 10 - Null		–	–	–	–	–	–	–	–	–	–
Vote 11 - Null		–	–	–	–	–	–	–	–	–	–
Vote 12 - Null		–	–	–	–	–	–	–	–	–	–
Vote 13 - Null		–	–	–	–	–	–	–	–	–	–
Vote 14 - Null		–	–	–	–	–	–	–	–	–	–
Vote 15 - Null		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		140,370	28,293	24,050	46,640	55,788	54,588	54,588	9,366	11,228	6,424
Total Capital Expenditure - Vote		283,342	163,760	177,738	316,285	256,908	255,708	255,708	217,379	298,675	210,586
Capital Expenditure - Functional											
Governance and administration		14,601	29,393	4,177	23,760	26,940	25,740	25,740	16,100	6,512	3,900
Executive and council		10,979	–	–	–	–	–	–	–	–	–
Finance and administration		3,623	29,393	4,177	23,760	26,940	25,740	25,740	16,100	6,512	3,900
Internal audit		–	–	–	–	–	–	–	–	–	–
Community and public safety		32,399	41,904	18,171	68,093	39,663	39,663	39,663	26,946	28,516	11,024
Community and social services		26,924	29,694	4,057	31,622	9,747	9,747	9,747	17,900	7,300	1,900
Sport and recreation		3,990	11,873	11,571	28,802	23,406	23,406	23,406	7,608	7,650	2,500
Public safety		917	337	459	3,610	4,550	4,550	4,550	1,000	450	–
Housing		569	–	2,083	4,060	1,960	1,960	1,960	438	13,116	6,624
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		192,663	66,970	91,157	144,225	131,293	131,293	131,293	60,965	113,560	95,797
Planning and development		162	–	1,377	710	930	930	930	100	250	100
Road transport		192,501	66,970	89,780	143,515	130,363	130,363	130,363	60,865	113,310	95,697
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services		43,677	25,494	64,233	80,207	59,012	59,012	59,012	113,368	150,087	99,865
Energy sources		43,476	24,907	63,328	70,177	44,382	44,382	44,382	112,418	149,837	99,865
Water management		–	–		–	–	–	–			
Waste water management		–	–		–	–	–	–			
Waste management		201	588	905	10,030	14,630	14,630	14,630	950	250	–
Other						–	–	–	–	–	–
Total Capital Expenditure - Functional	3	283,342	163,760	177,738	316,285	256,908	255,708	255,708	217,379	298,675	210,586
Funded by:											
National Government		79,115	64,277	65,715	65,772	61,547	61,547	61,547	79,047	66,089	59,115
Provincial Government		645	191	1,934	8,050	9,870	9,870	9,870	15,316	6,116	124
District Municipality		–	–		–	–	–	–			
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		3,720	8,018	34,044	6,777	3,577	3,577	3,577	13,568	3,874	
Transfers recognised - capital	4	83,480	72,487	101,694	80,599	74,995	74,995	74,995	107,931	76,078	59,240
Borrowing	6	–	334	597	30,000	15,000	15,000	15,000	42,000	80,000	42,000
Internally generated funds		199,862	90,938	75,447	205,676	166,914	165,714	165,714	67,448	142,597	109,346
Total Capital Funding	7	283,342	163,760	177,738	316,285	256,908	255,708	255,708	217,379	298,675	210,586

2.14 LEGISLATION COMPLIANCE STATUS

LEGISLATION COMPLIANCE STATUS

KDM carries out its daily, monthly and annual tasks and duties in full compliance with all relevant legislation, which includes:

1. The Constitution 1996 (Act No. 108 of 1996)
2. The Local Government: Transition Act 1993 (Act No. 209 of 1993)
3. The MSA
4. The MFMA
5. The Municipal Structures Act 1998 (Act No. 117 of 1998)
6. Municipal Budget & Reporting Regulations issued by NT
7. MFMA Circulars published by NT
8. Government Gazettes

KDM is classified as a high capacity Municipality, in terms of the MFMA, and has made significant progress in implementation of the MFMA. KDM is successfully complying with all MFMA requirements in terms of the DORA; Asset Management Regulations; Minimum Competency Levels of municipal officials and the MPRA.
However, given the increased compliance requirements and enforcement, the municipality must increase capacity to ensure that these continue to be achieved.

IDP

The 2020/2021 IDP review process is currently underway. All comments made by the community and key stakeholders are considered in reviewing the IDP.

ANNUAL REPORT

The 2018/2019 AFS was fully GRAP-compliant, and an unqualified audit opinion was received from the Auditor-General.

AUDIT COMMITTEE

An Audit Committee has been established and comprises of external members.

The Audit Committee's work is guided and regulated by an Audit Committee Charter, which was ratified by Council.

BUDGET AND TREASURY OFFICE

As required by the MFMA and NT, a BTO has been set up.

IN-YEAR REPORTING

Several reports are to be submitted throughout the municipal year. Reports are submitted, in accordance with the deadlines and rules set by the MFMA and other legislation, to Statistics SA; NT; PT; Council; MANCO and EXCO respectively.

INTERNSHIP PROGRAMMES

The municipality encourages local youth development and has an internship programme in place.

2.15 OTHER SUPPORTING DOCUMENTATION

2.15.1 DRAFT SERVICE STANDARDS (Attached as Annexure 3)

2.16 MUNICIPAL MANAGER'S QUALITY CERTIFICATION

KWADUKUZA
MUNICIPALITY

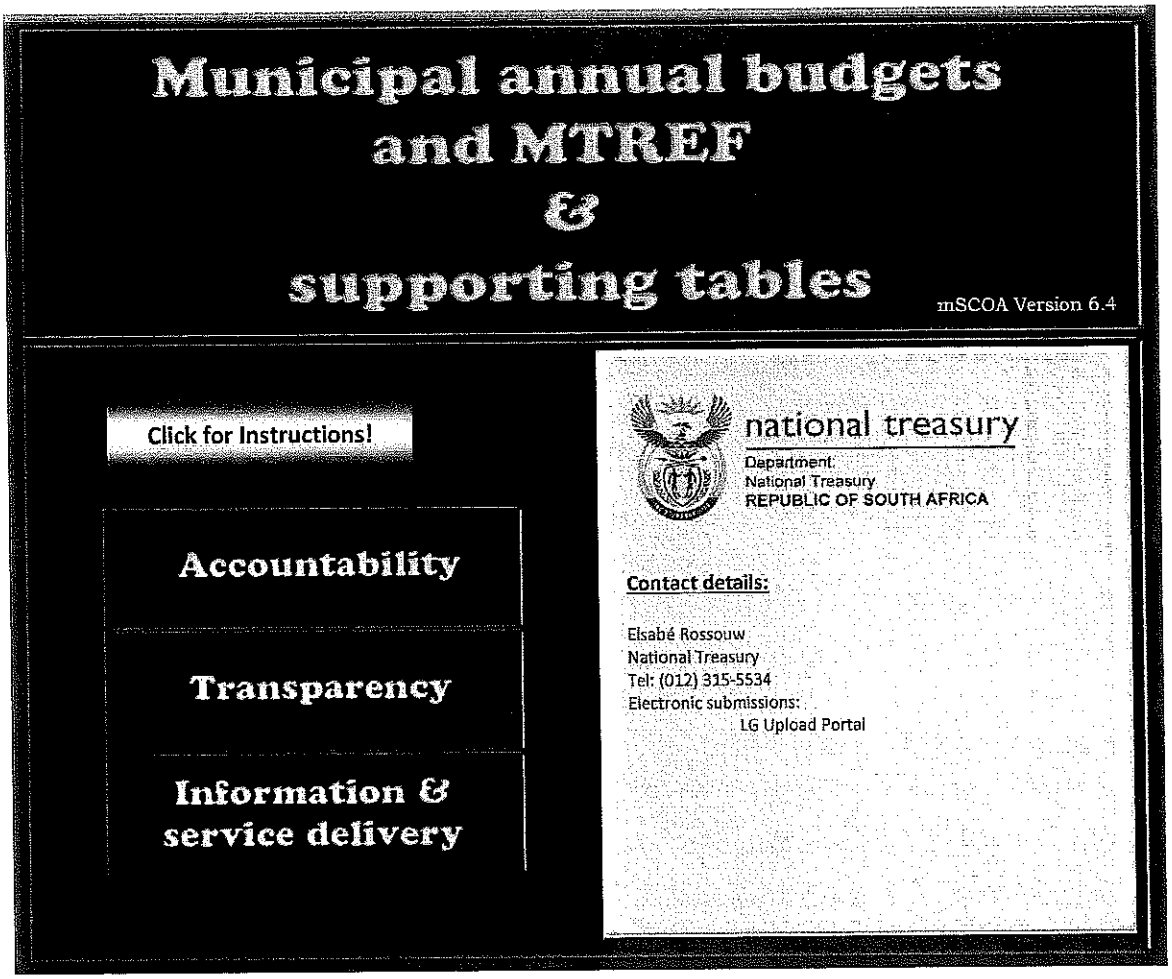
2020/2021 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK DRAFT QUALITY CERTIFICATE

I, NJ Mdakane, the Municipal Manager of KwaDukuza Municipality, hereby certify that the draft annual budget and supporting have been prepared in accordance with the Municipal Finance Management Act No. 56 of 2003 and the regulations made under the Act, and that the draft annual budget and supporting documentation are consistent with the draft Integrated Development Plan of the municipality. The priorities and values reflected herein are however subject to change with the public participation process.

MR NJ MDAKANE
Municipal Manager of KwaDukuza Municipality

_____

DATE: _____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KZN292 KwaDukuza - Table A1 Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Financial Performance										
Property rates	432,815	403,204	452,500	493,726	500,015	500,015	500,015	527,978	559,657	593,236
Service charges	703,955	812,089	875,492	934,259	946,333	946,333	946,333	984,895	1,044,441	1,107,487
Investment revenue	32,844	31,077	40,734	33,139	40,869	40,869	40,869	38,729	43,850	47,953
Transfers recognised - operational	158,881	153,189	165,781	185,135	185,205	185,205	185,205	205,224	222,991	241,010
Other own revenue	87,329	107,238	115,202	107,037	109,724	109,724	109,724	119,078	126,067	131,482
Total Revenue (excluding capital transfers and contributions)	1,415,824	1,506,798	1,649,710	1,753,296	1,782,145	1,782,145	1,782,145	1,875,904	1,997,005	2,121,168
Employee costs	312,939	334,644	357,891	447,322	450,672	450,672	450,672	447,872	492,468	529,026
Remuneration of councillors	21,395	21,812	22,293	24,043	24,043	24,043	24,043	25,298	28,566	31,137
Depreciation & asset impairment	61,823	70,332	70,863	90,644	90,644	90,644	90,644	95,176	99,735	104,732
Finance charges	24,515	23,103	22,223	23,699	23,699	23,699	23,699	30,152	36,330	36,265
Materials and bulk purchases	570,554	614,993	644,058	754,030	768,950	768,950	768,950	800,431	835,732	859,783
Transfers and grants	–	–	6,494	9,267	8,857	8,857	8,857	6,900	6,294	7,245
Other expenditure	333,984	280,581	338,079	396,710	408,072	408,072	408,072	469,955	497,505	550,534
Total Expenditure	1,325,210	1,345,465	1,461,901	1,745,715	1,774,936	1,774,936	1,774,936	1,875,785	1,996,629	2,120,722
Surplus/(Deficit)	90,614	161,334	187,808	7,580	7,208	7,208	7,208	119	376	446
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	67,987	62,110	66,496	73,832	71,417	71,417	71,417	98,220	78,118	68,107
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises,	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	158,601	223,444	254,305	81,412	78,626	78,626	78,626	98,339	78,494	68,553
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	158,601	223,444	254,305	81,412	78,626	78,626	78,626	98,339	78,494	68,553
Capital expenditure & funds sources										
Capital expenditure	283,342	163,760	177,738	316,285	346,622	255,708	255,708	217,379	298,675	210,586
Transfers recognised - capital	83,480	72,487	101,694	80,609	74,995	74,995	74,995	107,931	76,078	59,240
Borrowing	–	334	597	30,000	15,000	15,000	15,000	42,000	80,000	42,000
Internally generated funds	199,862	90,938	75,447	205,676	166,914	165,714	165,714	67,448	142,597	109,346
Total sources of capital funds	283,342	163,760	177,738	316,285	256,908	255,708	255,708	217,379	298,675	210,586
Financial position										
Total current assets	578,879	719,265	919,383	677,859	834,867	836,291	836,291	821,000	777,026	766,368
Total non current assets	2,048,788	2,143,993	2,293,065	2,520,280	2,461,923	2,460,723	2,460,723	2,585,660	2,787,892	2,896,648
Total current liabilities	302,005	313,826	389,174	282,289	379,083	379,083	379,083	366,626	368,692	380,760
Total non current liabilities	369,710	370,036	340,996	432,521	358,228	358,228	358,228	384,193	461,890	479,366
Community wealth/Equity	1,955,953	2,179,398	2,482,277	2,483,329	2,559,479	2,559,703	2,559,703	2,655,842	2,734,336	2,802,889
Cash flows										
Net cash from (used) operating	248,573	317,887	345,947	37,851	28,906	28,906	28,455	185,756	144,598	143,716
Net cash from (used) investing	(127,796)	(176,125)	(175,718)	(252,340)	(192,964)	(192,964)	(191,764)	(260,191)	(320,462)	(229,790)
Net cash from (used) financing	(13,509)	(8,064)	(8,198)	20,185	7,670	7,670	7,670	18,068	69,185	15,373
Cash/cash equivalents at the year end	270,209	403,908	565,939	252,164	409,551	409,551	409,926	353,559	246,881	176,180
Cash backing/surplus reconciliation										
Cash and investments available	391,670	510,781	698,696	428,878	573,418	573,792	573,792	547,426	450,747	390,047
Application of cash and investments	80,313	70,250	135,891	(3,682)	94,568	93,642	93,642	61,646	8,427	(41,194)
Balance - surplus (shortfall)	311,357	440,531	562,805	432,560	478,849	480,150	480,150	485,779	442,320	431,240
Asset management										
Asset register summary (WDV)	2,048,019	2,143,352	2,292,442	2,519,747	2,461,354	2,460,154	2,460,154	2,585,136	2,786,995	2,895,914
Depreciation	61,823	70,332	70,863	90,644	90,644	90,644	90,644	95,176	99,735	104,732
Renewal and Upgrading of Existing Assets	59,871	48,076	53,666	96,914	193,146	102,502	102,502	23,738	62,007	77,546
Repairs and Maintenance	68,820	68,820	44,595	56,428	59,313	59,313	59,313	54,528	61,670	68,086
Free services										
Cost of Free Basic Services provided	28,362	29,196	–	34,740	50,205	58,480	49,544	49,544	35,645	37,784
Revenue cost of free services provided	–	–	–	103,167	108,999	108,999	121,241	121,241	128,515	136,226
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	0	–	–	–	–	–	–
Energy:	15	–	–	–	11	10	10	10	–	–
Refuse:	–	–	–	78	–	–	–	–	–	–

KZN292 KwaDukuza - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue - Functional										
Governance and administration		**517,198**	**565,912**	**611,340**	**612,921**	**634,288**	**634,288**	**675,666**	**716,107**	**764,380**
Executive and council		117,325	78,001	68,071	47,844	48,594	48,594	54,731	60,005	65,835
Finance and administration		399,873	487,910	542,672	564,409	585,025	585,025	620,193	655,277	697,639
Internal audit		–	0	597	668	668	668	742	824	906
Community and public safety		**48,719**	**58,163**	**73,021**	**94,705**	**166,843**	**102,340**	**102,225**	**103,715**	**108,603**
Community and social services		6,557	11,184	15,148	19,944	18,396	18,396	25,834	22,112	21,661
Sport and recreation		15,305	12,062	38,807	40,344	49,408	49,408	44,603	49,422	54,348
Public safety		21,301	31,002	13,285	26,021	90,644	26,141	26,131	26,269	26,387
Housing		5,556	3,914	5,781	8,395	8,395	8,395	5,656	5,912	6,208
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		**82,845**	**82,170**	**112,453**	**103,489**	**105,111**	**105,111**	**108,996**	**120,212**	**123,786**
Planning and development		9,585	17,669	23,075	27,962	28,092	28,092	31,881	38,181	37,699
Road transport		73,074	64,501	88,640	74,092	75,585	75,585	75,523	80,263	84,142
Environmental protection		186	0	737	1,435	1,435	1,435	1,593	1,768	1,945
Trading services		**835,050**	**862,663**	**919,392**	**1,016,013**	**1,011,823**	**1,011,823**	**1,087,236**	**1,135,090**	**1,192,506**
Energy sources		771,239	786,663	844,178	933,839	929,650	929,650	1,000,365	1,041,827	1,092,720
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		63,811	76,000	75,214	82,173	82,173	82,173	86,871	93,262	99,786
Other	4	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	2	**1,483,812**	**1,568,909**	**1,716,206**	**1,827,128**	**1,918,065**	**1,853,562**	**1,974,123**	**2,075,123**	**2,189,275**
Expenditure - Functional										
Governance and administration		**201,475**	**208,450**	**223,869**	**271,688**	**272,398**	**272,398**	**291,697**	**308,867**	**334,880**
Executive and council		87,445	69,999	70,983	85,249	83,666	83,666	85,972	93,486	102,381
Finance and administration		110,354	134,662	148,981	181,455	183,398	183,398	200,748	209,631	226,080
Internal audit		3,676	3,789	3,905	4,984	5,334	5,334	4,977	5,751	6,419
Community and public safety		**220,641**	**228,043**	**229,239**	**280,536**	**291,967**	**291,967**	**272,187**	**296,341**	**321,609**
Community and social services		29,259	32,186	36,425	43,349	45,907	45,907	45,316	49,152	54,480
Sport and recreation		73,772	81,296	84,744	97,002	103,018	103,018	77,541	84,993	92,720
Public safety		106,488	103,878	97,015	123,944	125,032	125,032	130,717	142,025	151,941
Housing		11,122	10,683	11,054	16,241	18,010	18,010	18,612	20,172	22,469
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		**134,852**	**135,524**	**202,858**	**175,114**	**178,184**	**178,184**	**164,179**	**182,342**	**203,724**
Planning and development		49,016	52,391	52,438	73,447	73,754	73,754	63,551	70,588	84,664
Road transport		84,726	81,303	148,571	98,226	101,177	101,177	97,615	107,985	114,617
Environmental protection		1,110	1,829	1,849	3,441	3,253	3,253	3,013	3,769	4,443
Trading services		**768,242**	**773,448**	**805,936**	**1,018,377**	**1,032,388**	**1,032,388**	**1,147,722**	**1,209,079**	**1,260,509**
Energy sources		702,804	703,761	723,837	929,461	942,689	942,689	1,055,555	1,102,779	1,146,447
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		65,438	69,686	82,099	88,916	89,699	89,699	92,167	106,300	114,062
Other	4	–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	3	**1,325,210**	**1,345,465**	**1,461,901**	**1,745,715**	**1,774,936**	**1,774,936**	**1,875,785**	**1,996,629**	**2,120,722**
Surplus/(Deficit) for the year		**158,601**	**223,444**	**254,305**	**81,412**	**143,129**	**78,626**	**98,339**	**78,494**	**68,553**

References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes

2. Total Revenue by functional classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure)

3. Total Expenditure by Functional Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure)

4. All amounts must be classified under a functional classification . The GFS function 'Other' is only for Abbatoirs, Air Transport, Forestry, Licensing and Regulation, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification.

KZN292 KwaDukuza - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue - Functional										
Municipal governance and administration		517,198	565,912	611,340	612,921	634,288	634,288	675,666	716,107	764,390
Executive and council		117,325	78,001	68,071	47,844	48,594	48,594	54,731	60,005	65,835
Mayor and Council		100,347	76,294	65,391	44,329	45,079	45,079	50,829	55,674	61,071
Municipal Manager, Town Secretary and Chief Executive		16,978	1,708	2,681	3,515	3,515	3,515	3,902	4,331	4,764
Finance and administration		399,873	487,910	542,672	564,409	585,025	585,025	620,193	655,277	697,639
Administrative and Corporate Support		66	65	152	171	171	171	70	75	80
Asset Management				–	–	–	–			
Finance		398,354	485,584	537,288	557,039	577,449	577,449	612,196	646,396	687,305
Fleet Management		–	–	–	–	–	–			
Human Resources		–	–	1,601	1,826	1,826	1,826	1,991	2,210	2,431
Information Technology		–	–	–	–	–	–			
Legal Services				–	–	–	–			
Marketing, Customer Relations, Publicity and Media Co-		–	–	2,604	2,917	2,917	2,917	3,238	3,594	3,954
Property Services		10	14	24	14	14	14	17	18	20
Risk Management				–	–	–	–			
Security Services		–	–	–	–	–	–			
Supply Chain Management		1,443	2,227	1,003	2,441	2,647	2,647	2,682	2,985	3,850
Valuation Service				–	–	–	–			
Internal audit		–	0	597	668	668	668	742	824	906
Governance Function		–	0	597	668	668	668	742	824	906
Community and public safety		48,719	58,153	73,021	94,785	166,843	102,340	102,225	103,715	108,603
Community and social services		6,557	11,184	15,148	19,944	18,396	18,396	25,834	22,112	21,681
Aged Care				–	–	–	–			
Agricultural				–	–	–	–			
Animal Care and Diseases				–	–	–	–			
Cemeteries, Funeral Parlours and Crematoriums		942	3,012	1,571	2,140	2,240	2,240	2,453	2,646	2,840
Child Care Facilities		–	1,674	4,676	5,367	5,367	5,367	5,958	6,613	7,274
Community Halls and Facilities		228	232	190	212	412	412	440	460	490
Consumer Protection				–	–	–	–			
Cultural Matters				–	–	–	–			
Disaster Management		1,572	1,919	2,632	2,949	2,949	2,949	3,273	3,633	3,996
Education				–	–	–	–			
Indigenous and Customary Law				–	–	–	–			
Industrial Promotion				–	–	–	–			
Language Policy				–	–	–	–			
Libraries and Archives		3,453	4,208	5,887	6,075	6,426	6,426	6,297	6,535	6,825
Literacy Programmes				–	–	–	–			
Media Services				–	–	–	–			
Museums and Art Galleries		361	140	192	3,202	1,002	1,002	7,414	2,225	235
Population Development				–	–	–	–			
Provincial Cultural Matters				–	–	–	–			
Theatres				–	–	–	–			
Zoo's				–	–	–	–			
Sport and recreation		15,305	12,062	38,897	40,344	49,408	49,408	44,603	49,422	54,348
Beaches and Jetties		663	11	15	17	17	17	17	17	18
Casinos, Racing, Gambling, Wagering				–	–	–	–			
Community Parks (including Nurseries)		12,762	10,468	38,019	39,594	48,605	48,605	43,806	48,578	53,454
Recreational Facilities		1,880	1,583	773	733	786	786	780	827	877
Sports Grounds and Stadiums				–	–	–	–			
Public safety		21,901	31,002	13,285	26,921	98,644	26,141	26,131	26,269	26,387
Civil Defence				–	–	–	–			
Cleansing				–	–	–	–			
Control of Public Nuisances				–	–	–	–			
Fencing and Fences				–	–	–	–			
Fire Fighting and Protection		54	124	115	135	205	205	231	248	274
Licensing and Control of Animals				–	–	–	–			
Police Forces, Traffic and Street Parking Control		21,247	30,879	13,169	25,887	25,937	25,937	25,900	26,021	26,112
Pounds				–	–	–	–			
Housing		5,556	3,914	5,781	8,395	8,395	8,395	5,656	5,912	6,208
Housing		5,556	3,914	5,781	8,395	8,395	8,395	5,656	5,912	6,208
Informal Settlements				–	–	–	–			
Health		–	–	–	–	–	–	–	–	–
Ambulance		–	–	–	–	–	–			
Health Services		–	–	–	–	–	–			
Laboratory Services		–	–	–	–	–	–			
Food Control		–	–	–	–	–	–			
Health Surveillance and Prevention of Communicable Diseases		–	–	–	–	–	–			
Vector Control		–	–	–	–	–	–			
Chemical Safety		–	–	–	–	–	–			

Economic and environmental services		82,845	82,170	112,453	103,489	105,111	105,111	108,996	120,212	123,786
Planning and development		9,585	17,669	23,075	27,962	28,092	28,092	31,881	32,181	37,699
Billboards				–	–	–	–			
Corporate Wide Strategic Planning (IDPs, LEDs)		–	–	292	1,673	1,673	1,673	1,857	2,562	2,268
Central City Improvement District				–	–	–	–			
Development Facilitation		228	459	642	940	1,040	1,040	1,122	1,245	1,340
Economic Development/Planning		138	3,216	8,185	8,425	8,425	8,425	9,255	10,110	11,084
Regional Planning and Development				–	–	–	–			
Town Planning, Building Regulations and Enforcement, and City		9,219	13,995	13,955	16,924	16,954	16,954	19,647	24,264	23,007
Project Management Unit				–	–	–	–			
Provincial Planning				–	–	–	–			
Support to Local Municipalities				–	–	–	–			
Road transport		73,074	64,501	88,640	74,092	75,585	75,585	75,523	80,263	84,142
Public Transport				–	–	–	–			
Road and Traffic Regulation		8,744	9,666	24,077	11,701	11,801	11,801	12,745	13,510	13,104
Roads		64,330	54,835	64,563	62,391	63,784	63,784	62,778	66,753	71,038
Taxi Ranks				–	–	–	–			
Environmental protection		186	0	737	1,435	1,435	1,435	1,593	1,768	1,945
Biodiversity and Landscape		186	0	737	1,435	1,435	1,435	1,593	1,768	1,945
Coastal Protection		–	0	–	–	–	–			
Indigenous Forests		–	–	–	–	–	–			
Nature Conservation		–	–	–	–	–	–			
Pollution Control		–	–	–	–	–	–			
Soil Conservation		–	–	–	–	–	–			
Trading services		835,650	862,663	919,392	1,016,013	1,011,823	1,011,823	1,087,236	1,135,098	1,192,506
Energy sources		771,239	786,663	844,178	933,839	928,650	928,650	1,000,365	1,041,827	1,092,720
Electricity		771,239	786,663	844,178	933,839	928,650	928,650	1,000,365	1,041,827	1,092,720
Street Lighting and Signal Systems		–	–	–	–	–	–			
Nonelectric Energy				–	–	–	–			
Water management		–	–	–	–	–	–	–	–	–
Water Treatment		–	–	–	–	–	–			
Water Distribution		–	–	–	–	–	–			
Water Storage		–	–	–	–	–	–			
Waste water management		–	–	–	–	–	–	–	–	–
Public Toilets				–	–	–	–			
Sewerage				–	–	–	–			
Storm Water Management				–	–	–	–			
Waste Water Treatment		–	–	–	–	–	–			
Waste management		63,811	76,000	75,214	82,173	82,173	82,173	86,871	93,262	99,786
Recycling				–	–	–	–			
Solid Waste Disposal (Landfill Sites)				–	–	–	–			
Solid Waste Removal		63,811	76,000	75,214	82,173	82,173	82,173	86,871	93,262	99,786
Street Cleaning		–	–	–	–	–	–			
Other		–	–	–	–	–	–	–	–	–
Abattoirs		–	–	–	–	–	–			
Air Transport		–	–	–	–	–	–			
Forestry		–	–	–	–	–	–			
Licensing and Regulation		–	–	–	–	–	–			
Markets		–	–	–	–	–	–			
Tourism		–	–	–	–	–	–			
Total Revenue - Functional	2	1,483,812	1,568,909	1,716,206	1,827,128	1,918,065	1,853,562	1,974,123	2,075,123	2,189,275

Expenditure - Functional									
Municipal governance and administration	201,475	208,450	229,869	271,688	272,388	272,398	291,697	308,867	334,880
Executive and council	87,445	69,999	70,983	85,249	83,666	83,666	85,972	93,486	102,381
Mayor and Council	57,489	51,148	44,151	56,218	55,378	55,378	61,509	68,351	73,065
Municipal Manager, Town Secretary and Chief Executive	29,956	18,851	26,832	29,031	28,288	28,288	24,463	25,135	29,315
Finance and administration	110,354	134,662	148,981	161,455	183,398	183,398	200,748	209,631	226,080
Administrative and Corporate Support	8,520	17,902	18,595	26,744	27,335	27,335	23,776	26,318	28,561
Asset Management			-	-	-	-			
Finance	40,120	55,559	51,650	72,672	72,171	72,171	109,931	98,501	105,401
Fleet Management	7,145	5,335	8,566	11,493	11,670	11,670	11,338	13,350	14,968
Human Resources	8,586	11,296	12,197	14,864	14,869	14,869	11,313	14,775	15,855
Information Technology	12,623	10,658	12,845	15,635	17,900	17,900	15,486	17,619	19,556
Legal Services			-	-	-	-			
Marketing, Customer Relations, Publicity and Media Co-	11,508	9,465	12,133	10,059	7,279	7,279	6,423	8,706	9,392
Property Services	4,852	5,442	7,166	6,700	8,676	8,676	8,223	8,972	9,546
Risk Management			-	-	-	-			
Security Services	11,137	12,628	16,992	15,426	16,463	16,463	5,609	11,363	12,056
Supply Chain Management	5,863	6,477	6,836	7,862	8,035	8,035	8,649	10,028	10,744
Valuation Service			-	-	-	-			
Internal audit	3,676	3,789	3,905	4,984	5,334	5,334	4,977	5,751	6,419
Governance Function	3,676	3,789	3,905	4,984	5,334	5,334	4,977	5,751	6,419
Community and public safety	220,641	228,043	229,239	280,536	291,967	291,967	272,187	296,341	321,609
Community and social services	29,259	32,186	36,426	43,349	45,907	45,907	45,316	49,152	54,480
Aged Care			-	-	-	-			
Agricultural			-	-	-	-			
Animal Care and Diseases			-	-	-	-			
Cemeteries, Funeral Parlours and Crematoriums	4,908	4,949	7,455	7,156	9,474	9,474	9,421	10,077	10,775
Child Care Facilities	6,518	6,608	7,240	8,799	7,794	7,794	7,397	8,355	9,902
Community Halls and Facilities	5,920	6,516	7,792	8,874	9,267	9,267	8,271	9,101	10,352
Consumer Protection			-	-	-	-			
Cultural Matters			-	-	-	-			
Disaster Management	1,218	4,162	2,607	5,798	5,800	5,800	5,825	6,361	7,251
Education			-	-	-	-			
Indigenous and Customary Law			-	-	-	-			
Industrial Promotion			-	-	-	-			
Language Policy			-	-	-	-			
Libraries and Archives	9,841	8,918	10,399	11,678	12,217	12,217	13,198	13,910	14,742
Literacy Programmes			-	-	-	-			
Media Services			-	-	-	-			
Museums and Art Galleries	855	1,013	932	1,134	1,355	1,355	1,205	1,347	1,457
Population Development			-	-	-	-			
Provincial Cultural Matters			-	-	-	-			
Theatres			-	-	-	-			
Zoo's			-	-	-	-			
Sport and recreation	73,772	81,296	84,744	97,092	103,018	103,018	77,541	84,993	92,720
Beaches and Jetties	24,873	24,614	24,983	31,362	31,853	31,853	34,192	37,601	41,224
Casinos, Racing, Gambling, Wagering			-	-	-	-	-	-	-
Community Parks (including Nurseries)	45,285	52,153	54,746	60,175	65,216	65,216	37,582	41,172	44,696
Recreational Facilities	3,614	4,529	5,015	5,465	5,949	5,949	5,767	6,220	6,799
Sports Grounds and Stadiums			-	-	-	-			
Public safety	106,488	103,878	97,015	123,944	125,032	125,032	130,717	142,025	151,941
Civil Defence			-	-	-	-			
Cleansing			-	-	-	-			
Control of Public Nuisances			-	-	-	-			
Fencing and Fences			-	-	-	-			
Fire Fighting and Protection	29,764	31,424	31,721	36,457	37,403	37,403	40,799	44,831	48,583
Licensing and Control of Animals			-	-	-	-			
Police Forces, Traffic and Street Parking Control	76,725	72,454	65,295	87,487	87,629	87,629	89,918	97,194	103,358
Pounds			-	-	-	-			
Housing	11,122	10,683	11,054	16,241	18,010	18,010	18,612	20,172	22,469
Housing	11,122	10,683	11,054	15,241	18,010	18,010	18,612	20,172	22,469
Informal Settlements	-	-	-	-	-	-			
Health	-	-	-	-	-	-	-	-	-
Ambulance	-	-	-	-	-	-			
Health Services	-	-	-	-	-	-			
Laboratory Services	-	-	-	-	-	-			
Food Control	-	-	-	-	-	-			
Health Surveillance and Prevention of Communicable Diseases	-	-	-	-	-	-			
Vector Control	-	-	-	-	-	-			
Chemical Safety	-	-	-	-	-	-			

Economic and environmental services		134,852	135,524	202,858	175,114	178,184	178,184	164,179	182,342	203,724
Planning and development		49,016	52,391	52,438	73,447	73,754	73,754	63,551	76,588	84,864
Billboards		-	-	-	-	-	-			
Corporate Wide Strategic Planning (IDPs, LEDs)		10,232	12,715	13,351	18,625	16,835	16,835	15,767	18,205	21,192
Central City Improvement District		-		-	-	-	-			
Development Facilitation		6,850	8,619	7,427	11,634	11,634	11,634	10,631	11,963	12,865
Economic Development/Planning		15,281	14,170	15,867	19,176	21,524	21,524	13,645	14,804	22,210
Regional Planning and Development		-	-	-	-	-	-			
Town Planning, Building Regulations and Enforcement, and City		16,653	16,887	15,794	24,012	23,761	23,761	23,509	25,614	28,397
Project Management Unit				-	-	-	-			
Provincial Planning				-	-	-	-			
Support to Local Municipalities				-	-	-	-			
Road transport		84,726	81,303	148,571	98,226	101,177	101,177	97,615	107,988	114,617
Public Transport				-	-	-	-			
Road and Traffic Regulation		10,967	10,274	76,186	13,121	13,386	13,386	12,816	14,476	15,610
Roads		73,759	71,029	72,385	85,105	87,791	87,791	84,799	93,509	99,006
Taxi Ranks		-	-	-	-	-	-			
Environmental protection		1,110	1,829	1,849	3,441	3,253	3,253	3,013	3,769	4,443
Biodiversity and Landscape		1,110	1,829	1,849	3,441	3,253	3,253	3,013	3,769	4,443
Coastal Protection		-	0	-	-	-	-			
Indigenous Forests		-	-	-	-	-	-			
Nature Conservation		-	-	-	-	-	-			
Pollution Control		-	-	-	-	-	-			
Soil Conservation		-	-	-	-	-	-			
Trading services		766,242	773,448	865,936	1,018,377	1,032,388	1,032,388	1,147,722	1,203,079	1,268,509
Energy sources		702,804	703,761	723,837	929,461	942,689	942,689	1,055,555	1,102,779	1,146,447
Electricity		695,174	698,889	715,776	923,957	937,259	937,259	1,050,140	1,096,874	1,139,207
Street Lighting and Signal Systems		6,630	4,872	8,061	5,505	5,430	5,430	5,414	5,904	7,240
Nonelectric Energy		-	-	-	-	-	-			
Water management		-	-	-	-	-	-	-	-	-
Water Treatment		-	-	-	-	-	-			
Water Distribution		-	-	-	-	-	-			
Water Storage		-	-	-	-	-	-			
Waste water management		-	-	-	-	-	-	-	-	-
Public Toilets		-	-	-	-	-	-			
Sewerage		-	-	-	-	-	-			
Storm Water Management			-	-	-	-	-			
Waste Water Treatment		-	-	-	-	-	-			
Waste management		65,438	69,686	82,099	88,916	89,699	89,699	92,167	100,300	114,062
Recycling		-	-	-	-	-	-			
Solid Waste Disposal (Landfill Sites)		-	-	-	-	-	-			
Solid Waste Removal		58,366	61,838	73,998	76,273	79,965	79,965	81,140	94,298	101,130
Street Cleaning		7,052	7,848	8,101	10,643	9,734	9,734	11,027	12,002	12,932
Other		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-			
Air Transport		-	-	-	-	-	-			
Forestry		-	-	-	-	-	-			
Licensing and Regulation		-	-	-	-	-	-			
Markets		-	-	-	-	-	-			
Tourism		-	-	-	-	-	-			
Total Expenditure - Functional	3	1,325,210	1,345,465	1,461,901	1,745,715	1,774,936	1,774,936	1,875,785	1,996,629	2,120,722
Surplus/(Deficit) for the year		158,661	223,444	254,365	81,412	143,129	78,626	98,339	78,494	68,553

References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist national and international accounts and comparison

2. Total Revenue by Functional Classification must reconcile to total operating revenue shown in Financial Performance (revenue and expenditure)

3. Total Expenditure by Functional Classification must reconcile to total operating expenditure shown in Financial Performance (revenue and expenditure)

4. All amounts must be classified under a Functional classification. The GFS function 'Other' is only for Abbatoirs, Air Transport, Forestry, Licensing and Regulation, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification

check oprev balance	-	-	-	-	64,502,771	-	0	1	-	
check opexp balance	-	-	-	-	-	-	-	-	-	

KZN292 KwaDukuza - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote	1									
Vote 1 - Chief Operations Officer Business Unit		16,978	2,988	6,174	8,774	8,774	8,774	9,740	11,311	11,892
Vote 2 - Corporate Services Business Unit		91,291	86,744	67,144	46,326	47,077	47,077	52,889	57,959	63,581
Vote 3 - Finance Business Unit		477,099	479,433	538,291	559,480	580,096	580,096	614,878	649,381	691,155
Vote 4 - Economic Development Planning Business Unit		9,946	17,768	23,712	30,925	28,855	28,855	39,030	39,612	37,611
Vote 5 - Community Services and Public Amenities Business		20,447	92,916	121,654	130,927	182,682	140,642	140,647	152,308	164,271
Vote 6 - Community Safety Business Unit		31,635	33,630	26,840	40,688	40,908	40,908	42,167	43,429	43,504
Vote 7 - Civil Engineering and Human Settlement Business U		69,896	68,480	70,368	70,801	72,193	72,193	68,450	72,683	77,266
Vote 8 - Electrical Engineering Business Unit		766,519	783,291	857,347	933,839	929,650	929,650	1,000,365	1,041,827	1,092,720
Vote 9 - Youth Development Business Unit		–	3,659	4,676	5,367	5,367	5,367	5,958	6,613	7,274
Vote 10 - Null		–	–	–	–	–	–	–	–	–
Vote 11 - Null		–	–	–	–	–	–	–	–	–
Vote 12 - Null		–	–	–	–	–	–	–	–	–
Vote 13 - Null		–	–	–	–	–	–	–	–	–
Vote 14 - Null		–	–	–	–	–	–	–	–	–
Vote 15 - Null		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	**1,483,812**	**1,568,909**	**1,716,206**	**1,827,128**	**1,895,602**	**1,853,562**	**1,974,123**	**2,075,123**	**2,189,275**
Expenditure by Vote *to be appropriated*	1									
Vote 1 - Chief Operations Officer Business Unit		55,372	50,974	56,220	62,700	57,736	57,736	46,729	54,671	62,959
Vote 2 - Corporate Services Business Unit		78,355	93,530	87,789	113,460	115,482	115,482	112,084	127,063	137,037
Vote 3 - Finance Business Unit		123,259	50,362	58,486	80,534	80,207	80,207	118,581	108,529	116,145
Vote 4 - Economic Development Planning Business Unit		40,455	41,748	41,868	59,396	61,527	61,527	52,003	57,497	69,372
Vote 5 - Community Services and Public Amenities Business		78,338	156,575	176,505	192,883	202,805	202,805	183,064	202,985	219,238
Vote 6 - Community Safety Business Unit		148,136	142,707	145,569	178,943	180,550	180,550	177,400	198,749	213,632
Vote 7 - Civil Engineering and Human Settlement Business U		89,734	87,454	90,606	108,046	114,477	114,477	111,634	122,653	131,021
Vote 8 - Electrical Engineering Business Unit		705,043	714,848	797,698	940,955	954,358	954,358	1,066,892	1,116,129	1,161,415
Vote 9 - Youth Development Business Unit		6,518	7,267	7,160	8,799	7,794	7,794	7,397	8,355	9,902
Vote 10 - Null		–	–	–	–	–	–	–	–	–
Vote 11 - Null		–	–	–	–	–	–	–	–	–
Vote 12 - Null		–	–	–	–	–	–	–	–	–
Vote 13 - Null		–	–	–	–	–	–	–	–	–
Vote 14 - Null		–	–	–	–	–	–	–	–	–
Vote 15 - Null		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	**1,325,210**	**1,345,465**	**1,461,901**	**1,745,715**	**1,774,936**	**1,774,936**	**1,875,785**	**1,996,629**	**2,120,722**
Surplus/(Deficit) for the year	2	**158,601**	**223,444**	**254,305**	**81,412**	**120,665**	**78,626**	**98,339**	**78,494**	**68,553**

References

1. Insert 'Vote'; e.g. department, if different to functional classification structure

2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)

3. Assign share in 'associate' to relevant Vote